



# **Gobi Regional Economic Growth Initiative**

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## **Year Three - First Quarter Report January 08, 2006 - April 07, 2006 Cooperative Agreement # 438-A-00-04-00002-00**

**Submitted to the U.S. Agency for International Development**

**By**



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## **GOBI INITIATIVE PHASE II – YEAR THREE - FIRST QUARTER REPORT**

### **INTRODUCTION:**

The Gobi Regional Economic Growth Initiative-Phase II (Gobi II) project began on January 8, 2004, funded under Cooperative Agreement #438-A-00-04-00002-00. The project is being implemented by Mercy Corps in partnership with Pact, Inc.

Gobi II has the following goal, objectives and overall focus:

#### **Program Goal:**

- To develop and strengthen rural business in the Gobi region

#### **Program Objectives:**

- An increase in the number of new and strengthened productive Gobi businesses
- An increase in availability, access to and use of business information by Gobi entrepreneurs

#### **Program Focus:**

- Supporting herder groups that are expanding and/or diversifying their business activities
- Supporting the development of herder cooperatives
- Supporting businesses that add value to herder products and link those products to markets
- Promoting rural business linkages to the financial services sector
- Improving the quality and accessibility of local business development and support services

**Program Highlights** during this reporting period of January 8 to April 7, 2006 include:

- The Gobi Initiative (GI) and The Rural Agribusiness Support Program (RASP) held a joint annual planning meeting from 16th to 20th January, a total of 60 staff from the aimags and UB programs participated. The planning meeting provided an opportunity to review Year Two and the lessons learnt, and to plan the program activities for Year Three. The meeting was an important team building and information sharing exercise for the staff. The primary topics discussed at the meeting included; Results and Lessons Learnt from the Gobi Initiative's Year Two Activities, Major Activities and Areas of focus for herder clients in 2006, Veterinary Business Support: Lessons Learnt and Recommendations for 2006 Business Plans, Recordkeeping for Cooperatives: Problems, Success and Best Practices, Results from GI work with local government and proposed activities in 2006 (Training workshops and tri-party projects) and Technical Assistance for non-herder clients: Lessons Learnt and 2006 Activities.

Some of the lessons learnt from Year Two of the program that will be tackled in Year Three were: i) GI will not seek to significantly increase the total number of annually-supported project clients beyond the current 250, but will instead divide project efforts between adding new clients and focusing on the remaining steps needed to "graduate" prior year clients. The decision to target 250 clients is due to the challenge faced in the target aimags of identifying potential clients that meet the overall criteria of the program and have viable business ideas and, the ability of the aimag teams to work with this number of clients given the geographic location and distances involved between clients in the Gobi Aimags. ii) The need to ensure that production and sales figures included in herder client business plans are realistic and achievable; to help the herders better plan their loan repayment schedule to match the seasonality of the production and sales revenue generated. iii) The program officers concluded that GI needs to focus greater efforts on cooperative institutional development, including internal management and "succession planning" for the existing and new herder clients. iv) There is a need to increase efforts to develop local production input and equipment suppliers, critical for continued new business development and existing business growth.

- Program staff reviewed and commented on business plans submitted from 171 herder clients, who in turn finalized their respective plans. Approval authority for the business plans with no or under MNT 3 million loan was delegated to the aimag offices. This allowed review and approval process of the plans to be completed in two months, which was one month less than last year.

- Business Plan Development for the 171 herder clients that will work with the program in 2006 was completed with all plans being approved in the quarter. The 171 herder clients are projecting CY2006 sales of MNT 1,418,397,427 (USD 1,182,000), this is an increase of approximately MNT 200 million compared to the planned sales figures for Year Two of the program. During Year Two (CY2005), total sales worth MNT 1,214,505,452 (1,012,000 USD) were generated by the 162 GI supported herder businesses, against a very ambitious plan of MNT 1,282,655,620 (\$1,068,900).
- Of the 171 herder clients, 151 will require commercial loans to implement their businesses. A total of MNT 420,245,500 (USD 350,200) in external financing is required to implement the business activities contained in the plans. This is an increase of approximately MNT 100 million in external financing being requested by the herder clients compared to the financing that was requested by clients in Year Two. Requested loan sizes range from a maximum of MNT 20 million for a cooperative that plans to expand its activities in the meat sector, to a minimum of MNT 500,000 for two cooperatives undertaking vegetable/fodder production. The average loan request is MNT 2.7 million.
- Herder client sales during the quarter totaled MNT 70,596,050 (USD 58,830) which included some of the stored products from 2005. Examples of products sold include; vegetables such as potatoes, carrots, onions, these are vegetables that have been stored in the underground cellars and the herders have sold the vegetables in winter when the price increases; frozen dairy products such as curds, milk and yoghurt; ger felt for the winterization of gers and the gas stations have continued sales of fuel and oils.
- In an effort to improve business financial recordkeeping and accountability, the project has developed a new business and financial records book. Book design and content was done in cooperation with both clients and local CPAs. The program has initiated a training program in all six target aimags for at least one member of each cooperative on how to complete the book, maintain an accurate balance sheet, and prepare Government tax reports.
- The selection of the larger, non-herder business clients has been completed during the quarter. Eighteen (18) new non-herder businesses are to receive Long Term Technical Assistance from the project to implement their plans. Examples of the businesses involved include: compressed coal fuel production, sausage production, hotel & restaurant services, dairy & milk processing, wood carpentry, auto repair & garage services and bakeries. These are similar businesses as have been supported in past years. The program will explore opportunities to work with other businesses and develop market chain linkages between the herder clients and potential value added processors through the short term technical assistance component of the program.
- The program organized a regional meeting in Bayanhongor for the agricultural program officers and the aimag-based vegetable consultants from Uvurhangai, Bayanhongor and Gobi-Altai aimags to discuss the vegetable and fodder crop production plans for 2006. In total there were 10 participants at the meeting to discuss coordinating the provision of timely and appropriate technical assistance to the 42 herder clients that have developed business plans for vegetable and fodder crop production. The participants also discussed and learnt about new appropriate technologies for soil cultivation and irrigation systems related to vegetable production in the Gobi region.
- Pact has negotiated the expansion of RBN's TV programs which will now also be broadcast on TV-9, an independent TV channel broadcasting nationally. The TV programs will be aired free of charge by the new independent TV channel. RBN TV programs will no longer be aired on Mongol National TV as the program was unable to agree on a competitive price for the air time, and with free air time being offered by another TV channel the program has discontinued negotiations with Mongol National TV. In the second quarter RBN will monitor the viewer numbers on TV-9 and compare these to past viewer numbers on MN TV.
- A new agri-business TV program entitled "Learning Business" began airing in March. The USAID Mission Director launched the new program at a press conference in early March. The TV program, which provides lessons on how to operate a business, consists of two segments - Learning

Business and Market Watch. In the Learning Business segment, a carefully selected message and the associated information is emphasized, and its content is strengthened by rural examples and expert opinions. The second segment, Market Watch, explores the commodity markets, the price fluctuations for the past fortnight and offers a prognosis for the coming period. Its focus is on season specific commodities, mainly cashmere for the spring months. The program interviews industry analysts and potential buyers of the commodity, and focuses on delivering detailed information on future trends in order to assist the viewers in making profitable decisions. Viewers have given positive feedback on the program, citing that the program provides theoretical business knowledge that is practical and appropriate to the local conditions.

- In March the USAID Mongolia Mission Director Mr. Leon Waskin visited the GI program office in Gobi-Sumber. He met with herder and non-herder program clients to gain first hand experience of the impact of the program and challenges facing rural businesses.



"Tevshiin haju us" Cooperative leader Mr. Munkhzaya with Mr. L. Waskin, USAID Mission Director  
(photo credit: Mr. Stevan Buxt / Pact Mongolia)

### **INTERMEDIATE RESULT 1.3-1 Increase in Number of New and Strengthened Businesses**

#### **Activity One: Business Plan Development and Implementation**

Of the 171 herder clients that the program will work with this year, 123 herder clients that worked with Gobi Initiative in Year Two have continued to receive assistance from the program and have developed or revised their business plans, 48 clients are newly selected herder groups that have developed business plans to implement during the year.

All the business plans developed by clients were reviewed by Ulaanbaatar program officers, and following up on the recommendations, the herders and aimag-based consultants made revisions and improvements to the business plans. As a result, Gobi Initiative is currently working with 171 herder clients that will be implementing business plans with a projected sales of MNT 1.4 billion (USD 1.2 million) for the year. The herder clients will receive a number of technical assistance interventions from the program that will enable the clients to successfully implement their business plans. Over the course of the year the program will provide a total of 312 training and technical assistance interventions to the herder clients.

The program has introduced a number of new approaches in the process of developing, reviewing and approving herder business plans:

- 1) With the business planning process being undertaken for a third year the program staff identified a significant improvement in the business plan development capacity of the herder clients, and in the business plan review and approval skills of the aimag-based program officers. As their business plan development capacity grew, the aimag-based program officers were given the authority to approve all business plans developed by herder clients with a loan amount of less than MNT 3.0 Million. This newly adopted principle reduced the overall review and approval time from three months in Year Two to two months in Year Three and increased the aimag-based program officers' confidence and ownership of the process.

At the review stage, the herder clients incorporated the necessary revisions and comments into their business plans. The 171 herder clients are distributed across the aimags as follows; 28 in Umnugovi, 31 in Dundgovi, 35 in Uvurhangai, 31 in Govi-Altai, 34 in Bayanhongor and 12 in Govi-Sumber aimag. The following tables provide the details on types of herder businesses being developed under the program and forecasted sales by type of business and by aimag.

**Table 1: Number of Herding Business Clients by business type**

Aimag	Number of clients	Veg. / Fodder crop	Dairy	Vet	Felt	Meat	Other production/ service	Tourism	Animal breeding
Umnugovi	28	6	4	4	5	1		4	4
Dundgovi	31	4	5	4	7	6	4	1	
Uvurhangai	35	11	7	5	2	5	2	3	
Govi-Altai	31	4	7	7	4	3	5	1	
Bayanhongor	34	13	9	4	2		6		
Govi-Sumber	12	4	3	1	1	3			
<b>TOTAL</b>	<b>171</b>	<b>42</b>	<b>35</b>	<b>25</b>	<b>21</b>	<b>18</b>	<b>17</b>	<b>9</b>	<b>4</b>

**Table 2: Planned Sales Income by business type**

Business type	# of clients	Total Planned Annual Sales MNT
Vegetable	42	233,856,420
Dairy	35	212,527,149
Veterinary	25	202,634,388
Felt production	21	111,416,400
Meat production	18	222,879,220
Other production and services	17	360,864,850
Tourism	9	62,914,000
Animal breeding	4	11,305,000
<b>TOTAL</b>	<b>171</b>	<b>1,418,397,427</b>

**Table 3: Planned Sales Income by aimag**

Aimag	Total Planned Annual Sales MNT
Umnugovi	119,634,450
Dundgovi	246,760,860
Uvurhangai	403,360,953
Govi-Altai	278,267,319
Bayanhongor	220,570,085
Govi-Sumber	149,803,760
<b>TOTAL</b>	<b>1,418,397,427</b>

- 2) During the first quarter, aimag offices organized meetings with the leaders of herder groups and cooperatives that will be supported in 2006. Uvurhangai, Bayanhongor and Govi-Altai aimag offices organized these meetings in the aimag centers, while Dundgovi, Umnugovi and Govi-

Sumber aimag traveled to the herder clients. During the meetings the program officers discussed the results of the business plan implementation from 2005, problems encountered and lessons learnt. Examples of the lessons learnt by the herder clients included: the need to ensure that production and sales figures are realistic and achievable; how to better organize the labor division amongst the group, including taking care of the livestock as well as working on the new business venture; and to match the loan repayment schedule to the seasonality of the production and sales revenue generated. Additionally, the meetings helped to identify the technical assistance that will be provided by the program to each herder client. The program has signed memorandums of understanding with all 171 herder clients. The memorandums specify the responsibilities of the herder clients with the regard to the business plan implementation, the technical assistance that will be provided by the program and the responsibilities of the GI program officers.

- 3) In an effort to improve business financial recordkeeping and accountability, the project has developed a new business and financial records book. Book design and content was done in cooperation with both clients and local CPAs. The program has initiated a training program in all six target aimags for at least one member of each cooperative on how to complete the book, maintain an accurate balance sheet, and prepare Government tax reports. In addition the program developed a series of sales record vouchers that each herder client will complete on a monthly basis and submit to the program offices. It is hoped that this will improve the program's ability to accurately record sales generated by the program clients. The sales vouchers will be verified by the program staff while conducting regular monitoring visits to the herder clients. The sales figures will also be tracked on the main program database and any major differences between projected and actual sales figures will be noted with follow up visits from aimag and Ulaanbaatar based program officers arranged.

The program organized a regional meeting in Bayanhongor for the agricultural program officers and the aimag-based vegetable consultants from Uvurhangai, Bayanhongor and Gobi-Altai aimags to discuss the vegetable and fodder crop production plans for 2006. In total there were 10 participants at the meeting to discuss coordinating the provision of timely and appropriate technical assistance to the 42 herder clients that have developed business plans for vegetable and fodder crop production. The participants also discussed and learnt about new appropriate technologies for soil cultivation and irrigation systems related to vegetable production in the Gobi region. Specific tasks that will be implemented by the program to ensure the success of the vegetable and fodder crop production business plans include 1) assigning a specific aimag-based consultant to oversee training and technical assistance provision to each client, 2) ensuring timely assistance related to the agricultural calendar is provided by the aimag-based consultant, 3) developing and distributing soil fertility improvement recommendations to each herder client, and 4) assisting each client with identification and sourcing of appropriate seeds.

Herder client sales during the quarter totaled MNT 70,596,050 (USD 58,830) which included some of the stored products from 2005. The following table provides a breakdown of the sales by month for each aimag. A detailed breakdown of sales generated by each herder client is attached in annex 1.

**Table 4: Actual Sales Income of Herding Businesses in 2006**

<b>Aimag</b>	<b>January Sales MNT</b>	<b>February Sales MNT</b>	<b>March Sales MNT</b>	<b>Cumulative sales for the First Quarter MNT</b>
Umnugovi	440,000	1,111,000	684,700	2,235,700
Dundgovi		5,691,000	4,447,300	10,138,300
Uvurhangai	1,291,000	15,572,120	18,688,575	35,551,695
Govi-Altai	2,560,000	4,479,700	3,248,500	10,288,200
Bayanhongor		486,000	2,572,150	3,058,150
Govi-Sumber	3,118,655	2,772,000	3,433,350	9,324,005
<b>TOTAL</b>	<b>7,409,655</b>	<b>30,111,820</b>	<b>33,074,575</b>	<b>70,596,050</b>

## Activity Two: Cooperative Formation and Development

The Ulaanbaatar-based cooperative development officer in cooperation with the aimag-based program officers have developed an action plan for cooperative formation and organizational development activities to be carried out in 2006. Of the original 171 groups that developed business plans during 2006, 125 were existing legally registered business entities (cooperatives, limited liability companies and partnerships) and the remaining 45 were herder groups. During this reporting period, a total of nine herder groups became formal cooperatives/partnerships, completing their registration with the government authorities (four groups in GA, one group in DG, three groups in UH and one group in UG). This was accomplished through assistance provided by GI aimag staff and twenty eight organized training events covering essential cooperative-related topics such as: cooperative management, structure and leadership, operations and marketing, record keeping and reporting, and taxation and regulatory compliance. The program will continue to work with the remaining herder groups and the goal is to have all groups registered as formal legal entities by the middle of the year.

**Table 5: Total Numbers of Herder Groups and Cooperatives/Registered Businesses**

	Bayanhongor	Dundgovi	Govi-Altai	Govi-Sumber	Umnugovi	Uvurhangai	Jan 2006	Mar 2006
Total	34	31	31	12	28	35	171	171
Number of Co-ops / Registered Businesses	27	19	29	10	13	27	125	134
Number of Herder Groups	7	12	2	2	15	8	46	37

An example of a new herder client that has recently formed and registered as a cooperative with assistance from GI is the "Hamtral" group from Mandal-Ovoo soum, Umnugovi aimag. The herder group consisting of 8 herder family members joined the program at the end of last year and developed a business plan to cultivate vegetables and fodder crops. The master herder Ts. Davaahuu participated in the young leadership training organized by GI at the end of last year. The "Hamtral" group members have been very active and achieved a great deal in the first quarter of this year. As a result of the training provided by GI on the basics of cooperative formation in March, the group formed "Hanan Enger" cooperative and registered the cooperative with the local tax office. The cooperative have started preparations for spring sowing. They plan to cultivate potatoes, cabbages and carrots. They have received a loan of MNT 600,000 from XAC Bank and used the funds to purchase 400 meters of wire and posts to fence their 1 hectare plot of land. The cooperative held an all members meeting with soum officials to discuss "the right of use" of the deep well that is located close to their crop field. The soum government have transferred the "right of use" to the cooperative for an initial five years.

During the last quarter of 2005 GI conducted a series of "Cooperative Young Leaders" training workshops for future young leaders of herder cooperatives that were involved with the program. As a result of the training and further support from the GI program officers to help the young leaders with the realization of their action plans, six cooperative young members in Umnugovi, eight in Dundgovi and ten in Bayanhongor have been elected to the management of their respective cooperatives. As part of the follow up to the young leader training, program officers conducted a brief survey to look at the impact of the legal environment for the cooperatives. The survey involved twenty respondents from Bayanhongor's local government, cooperative members, consultants and soum governors. The results of the survey demonstrated that many currently registered cooperatives do not fully understand or comply with the cooperative laws and regulations, that there is a need for amendments to be made to the cooperative law to better support herder cooperatives in the rural aimags, and that at the local government level there is a lack of support for and poor knowledge of Mongolian cooperative law. The program will conduct the survey in all target aimags in the next quarter. The findings from the survey will enable the program to better design training programs and to develop next steps to better assist existing cooperatives in complying with cooperative laws and regulations.

In April the program organized a training of cooperative trainers for 7 GI staff and 7 RASP aimag-based trainers in Bayanhongor. The purpose of the training was to improve their technical knowledge of

cooperative development. Following the training, there was a round table meeting in Bayanhongor. Nineteen people attended the meeting including herders, local government officials, NGOs and aimag based cooperative development trainers. The objectives of the round table meeting were to discuss the barriers herders face in developing cooperatives and the implementation of the relative cooperative laws and regulations. The participants recommended that the Aimag government hire an official who will work on cooperative matters full-time and that the existing cooperative law is amended to include a specific provision related to herder cooperatives that would recognize the different conditions faced by herders compared to larger urban based cooperatives. This provision would include; a clear definition of what is accepted as a herder cooperative, tax breaks for herder cooperatives, reduced social insurance payments and a change in the law on the minimum number of members needed to form a cooperative from the current nine to six.

*Ideas and comments from the participants of the round table meeting:*

*Batnasan, Head of Production and Service cooperative association in Bayanhongor aimag:*

Government policies related to cooperative development at the aimag and soum level do not provide a particularly supportive framework. To improve this there should be some changes in the staffing of the local government administration. For example: there should be a full time government officer, who is responsible for cooperative affairs including their development, support and finance etc. in each aimag and soum government office. Currently someone in the aimag or soum agriculture office oversees cooperative related issues along with his/her main activities.

*S. Bayarmagnai, GI Representative:*

Herder cooperatives are very fragile and sensitive. The government should revise the cooperative law and policies for herder cooperatives. Generally, herders who have less than 300 livestock prefer to form cooperatives. There should be a specific tax policy for herder cooperatives that will support their initial establishment and business activities. The current tax policy is applied to all cooperatives there is no differences between big trade, service cooperatives in the aimag or soum center and small herder cooperatives.

*Chuluunbaatar, Head of Tugrugiin Itgeltslel cooperative in DG aimag:*

The state needs to pay more attention to the issues surrounding the establishment and support of herder cooperatives. For the herders who are dependant on the natural rangelands and live moving in search of better pasture for their livestock it is extremely hard to establish and develop a strong cooperative. So, an appropriate government policy related to herder cooperatives is needed. State support is important. Targeted support will result in strong herder cooperatives that pay taxes to the local economy, compete fairly on the market and make a contribution to the local community.

*Ochirpurev, Local trainer and auditor in Zavhan aimag:*

We need to improve cooperative financial records. If cooperatives have good and accurate financial records then they are able to comply with the tax obligations and pay the relevant local government authorities. Our clients do not have good knowledge of the tax laws.

### Activity Three: Training and Technical Assistance for Herder Businesses

A total of 57 training workshops and consultancies have been organized for herder clients in the first quarter of 2006.

**Table 6: Total numbers of training and technical assistance provided during the first quarter**

Training Category/Aimag	BH	DG	GA	GS	UB	UG	UH	Grand Total
Bakery/Food processing			1				1	2
Boot production	1							1
Cooperative development	4	4	6	5		4	5	28
Dairy/milk processing					2			2
Felt making technology						2		2
Financial management			1	1				2
Intensified animal production		1						1
Semi-settled livestock production					1			1



Specialized TA - gas station management, hotel management, food and safety	1	1	1					3
Vegetable/crop production			2				3	5
Veterinary training	1	1	6		2			10
<b>Total</b>	<b>7</b>	<b>7</b>	<b>17</b>	<b>6</b>	<b>5</b>	<b>6</b>	<b>9</b>	<b>57</b>

As can be seen from the table, twenty eight cooperative development trainings and technical assistance interventions were organized in the first quarter. The goal of the cooperative development trainings and TA interventions was to help herder groups improve their organizational capacity and assist them to register as formal entities. Other types of technical assistance provided in the reporting period included veterinary, vegetable and crop production, dairy processing and felt making technology. In collaboration with the RASP program three workshops were conducted on; dairy cattle nutrition and breeding management, advanced “aaruul” (curd) production, and for milk safety testers, the latest practices in testing milk and dairy products. A total of fifty five herder clients and other dairy business people from the GI and RASP target aimags participated in the three workshops. A number of clients received assistance in vegetable cultivation, soil preparation, seed selection and planting technology to help them make preparations for planting in May.

### **Veterinary Training For Herders.**

During the first quarter, 24 herders in Umnugovi and Dundgovi Aimags received training to improve their animal husbandry skills, to learn how to treat basic animal diseases and to learn when to seek the assistance of a vet. GI's veterinary and animal husbandry program officer and two aimag-based veterinary consultants facilitated the training. With help from PACT and RBN, the program has also developed a complementary veterinary training video; the video was used for the first time during the trainings. The herders provided feedback on the video and the team is currently revising the video format and content. Once complete the video will be distributed to all target aimags for use by aimag-based veterinarians when providing training to herders.

During the quarter there were no requests for 'refresher courses'. As described in the Annual Work Plan, these courses are offered by the project if there is a strong, well documented client demand for the training, and provided that the participants are willing to cover the full costs of the course.

### **Activity Four: Acquiring Critical Inputs**

A comprehensive list of all machinery and equipment requirements was prepared by the program officers using information contained in the business plans. The Ulaanbaatar-based agriculture officer has updated the information that the program has developed over the previous two years on equipment lists and agricultural equipment suppliers in Ulaanbaatar and obtained technical specifications and pricing information for the listed equipment. The equipment includes vegetable and fodder crop seeds; milk processing equipment (milk separators); small-scale cultivation equipment and tractors; and irrigation systems. The price lists and specifications for equipment has been disseminated to the herders, and GI staff in both the aimags and in UB are assisting herders to (a) select the most appropriate machinery for their needs, and (b) purchase the machinery from the suppliers. During the quarter twenty three herder clients purchased specific equipment for their business plans. The equipment has included elite breeding animals and dairy cattle, fencing materials, wool processing and felt processing equipment and vegetable and fodder crop seeds.

The program signed an agreement with the Revitalization of Mongolia's Potato Sector Program (RMPSP), funded by SDC in order to cooperate and increase GI's efforts to improve the quality of potato seeds for local growers. The primary objective of the RMPSP is to improve the productivity of potato producers at the national and regional level by supporting the re-establishment of an efficient and sustainable potato seed production sector and a decentralized supply system of high quality potato seed. The two programs will cooperate with those herder clients that are involved in the cultivation of potatoes and other vegetables in

order to strengthen the capacity of herders, herder groups and local businesses. Programs will provide training and technical assistance specific to potato production under Mongolian conditions, supply high quality potato seeds and essential farm inputs, and offer marketing support. GI will initially select six clients that will be involved with RMPSP to build their skills and capacities to become future potato seed producers in their aimags -- cultivating certified potato seeds for sale to other herders and producers. In addition RMPSP will supply a total of eight tons of high quality potato seeds to GI herder clients in Bayanhongor, Govi-Altai, Uvurhangai and Umnugovi aimags. The improved seed will enable herder clients to increase production levels. Herders will further benefit from access to targeted technical assistance through the program.

As part of the program's technical assistance component, the aimag-based program officers have provided loan facilitation assistance to those herder groups/cooperatives with approved business plans. During the quarter, 48 herder groups/cooperatives have received loans totaling MNT 126,470,000 (USD 105,392) and 4 non- herder business received a loan for MNT 12,900,000 (USD 10,750). Mercy Corps has provided a total of MNT 76,342,500.00 (USD 63,619) as cash collateral through the loan guarantee fund. A list of the groups that have received loans during this quarter and the loan amounts is attached as Annex 2. The program officers have noticed an increase in the competition between the banks for the loan business of program clients with further changes in interest rates and loan products being offered by the banks. As a result of this increase in competition the program clients are beginning to shop around for the best loan terms and conditions from the respective banks. Of the 52 clients that have taken loans this year, 2 have taken loans from Post bank, 14 from Khaan bank and 36 from Xac bank. In addition, the program herder clients that are applying for their second or third loan from the banks are increasing their share of the collateral. Increased client collateral is a result of increased business assets as well as developing a credit history with the banks.

Since the beginning of Gobi II, Mercy Corps has assisted 252 businesses in obtaining commercial financing of MNT 708,429,000 (USD 590,358), of which MNT 501,000,600 (USD 417,500) has been guaranteed through the USDA-funded "Rural Agribusiness Support Program". Of these 252 businesses, 132 have fully repaid their loans, the total value of the repaid loans was MNT 298,099,000 (USD 248,416).

#### **Aimag State Veterinary Laboratories**

The equipment provisioning component of the three-part Aimag State Veterinary Laboratory project (renovation, training, equipment provision) has finally been completed with the arrival of the last equipment during the quarter. The equipment has been transported to the laboratories and installed by trained personnel from the State Central Veterinary Laboratories (SCVL). Combined with the installation the SCVL personnel also trained the aimag laboratory staff on the use and maintenance of the equipment. An official dedication and opening of the laboratories is scheduled to take place during April and May in the four aimags.

#### **Activity Five: Technical Assistance and Training for Non-herder Businesses**

##### *Long Term Technical Assistance:*

In January, the program Business Officers met for a week long workshop to discuss and develop initial selection guidelines and a timeline for the selection and development of business plans for those businesses that would be assisted through the 'Long Term Technical Assistance Program'. The selection criteria developed included assessing each business based on the following:

- **The economic feasibility of the proposed business idea**, in addition the program will take into consideration the personal qualities, reputation, business acumen and vision of the owners.
- **A defined broad-based benefit** including increased employment, production of locally valued and consumed goods and services, linkages to herder producers and/or increased aimag tax revenues.
- **A specific GI role** including training and technical assistance activities that are within the scope and ability of GI to provide and which will have a demonstrated impact on firm productivity and/or profitability.

- **A financial cost-share** by the client that increases over time from the 45% average achieved in the second year.

During the first quarter the aimag-based business officers selected 18 new non-herder business clients that will cooperate with the program. Business plan development workshops were organized for all the newly selected clients. By the end of March, 18 businesses had finalized their business plans. There are a further 27 non-herder businesses that started working with the program in 2005 and will continue to receive technical assistance in 2006. These businesses are in the process of revising and updating their business plans for the year. The following two tables provide details on all 45 businesses (newly selected and existing) that will receive long term technical assistance.

**Table 7: Newly selected Non-Herder businesses that will cooperate with GI during 2006**

No	Company name	Entity	Aimag	Business activity	BP planned income MNT	Loan amount MNT	Technical Assistance to be provided by GI
1	Uguumor	Partnership	BH	Vehicle repair shop	12,611,000	7,500,000	Business management, marketing, vehicle repair and painting technology
2	Munhiin Huch	Cooperative	BH	Carpentry	11,850,000	6,000,000	Business management, marketing, wood processing and wooden furniture making technology
3	Borgiot	Cooperative	BH	Dairy production - Butter	36,910,000	6,500,000	Financial management, milk processing technology, marketing and distribution
4	Zotol Khaan trade	LLC	DG	Intestine processing for sausage production	201,000,000	20,000,000	Financial management, marketing and business plan development
5	Undrakh Erdene	Partnership	DG	Bread and fine pastry	4,950,000	1,800,000	Market survey and modern technology for producing baked products (cake and tort)
6	Altai Tan	LLC	GA	Vehicle repair shop	8,798,721	6,300,000	Service management and financial management
7	Bayart Olon	LLC	GA	Food production sausage and noodle	2,700,000	2,000,000	Marketing, technology of semi processed noodle, production management
8	Tsagaadai	LLC	GA	Dairy production - fresh milk, curds	16,650,000	7,700,000	Dairy cattle farming, milk processing technology
9	Badmaarag	Partnership	GS	Hairdressing and beauty salon	4,846,400	1,000,000	Hair cuttings, customer service management and manicure
10	Goviin Jiguur	LLC	UG	Camel milk processing Camel airag, milk	10,800,000	4,850,000	Camel milk processing technology, hygiene and financial management
11	Dalai Tulsh	Partnership	UG	Compressed fuel production	4,678,000	2,500,000	Compressed fuel making technology, sales, marketing and customer promotion
12	Mon Daats	LLC	UG	Production of noodles and traditional Mongolian foods	6,460,000	3,000,000	Technology of frozen traditional Mongolian foods (buuz, bansh and noodle making), marketing, packaging and
13	Bat Khana	Partnership	UG	Brick production	11,250,000	3,200,000	Financial management, brick producing technology standard norm
14	Temka-Co	LLC	UH	Felt production	25,146,000	10,000,000	Production management, felt making technology,

							marketing and distribution
15	Bogd Tavan Naran	Cooperative	UH	Tailor and seamstress	7,017,000	3,000,000	Tailoring and sewing, marketing customer attraction and market survey
16	Auto com	Cooperative	UH	Vehicle repair shop	7,818,000	3,000,000	Company management, marketing and customer attraction
17	Sain ilch	Partnership	UH	Compressed fuel production	3,060,000	3,000,000	Marketing and developing questionnaire and survey
18	Och Naran	LLC	UH	Hotel and restaurant service	16,817,000	3,000,000	Human resource management, financial record keeping and service management
	<b>Total</b>				<b>393,362,121</b>	<b>94,350,000</b>	

**Table 8: Non-Herder businesses that were selected in 2005 and will continue to cooperate with GI during 2006**

No	Company name	Entity	Aimag	Business activity	BP planned income MNT	Loan amount MNT	Technical Assistance to be provided by GI
1	Naran Uul	Cooperative	BH	Construction Materials	106,000,000	0	Brick production technology training
2	Gurvan Eht	Cooperative	BH	Bakery/Fine Pastry	15,681,600	3,140,000	Marketing, Bread/Pastry Technology
3	Zun Bid	Cooperative	BH	Meat Processing	11,070,000	3,000,000	Marketing and sales advice
4	Gariin Buyan Baidrag	LLC	BH	Bakery, bread and pastry	37,440,000	10,000,000	Bread/Pastry Technology, Business management
5	Nasanhishig	LLC	BH	Bakery, bread and pastry	7,372,800	2,000,000	Bread/Pastry Technology, Business management
6	Hugjliin DeeJ	Cooperative	BH	Salt production	2,650,800	7,000,000	Salt processing technology and marketing
7	Ih Uul	Partnership	BH	Meat processing	32,916,000	6,000,000	Sausage making; business administration
8	Nomin Huh	Cooperative	BH	Bakery, bread and pastry	18,681,600	8,500,000	Marketing; Business management; Bread and pastry technology.
9	TEBBE	LLC	DG	Carpentry	52,593,000	8,000,000	Modern carpentry technology and new furniture designs
10	Ulzii Dundgovi	LLC	DG	Ger Camp	10,500,000	7,000,000	Advertising / promotion assistance
11	Uugandalai	LLC	DG	Fermented mares milk - Airag restaurant	2,000,000	2,000,000	Dairy products processing technology, Marketing assistance
12	Itgel Zutgel	Cooperative	DG	Tailor and sewing	6,243,500	2,000,000	Cooperative management consultancy
13	Zambagiin Tal	LLC	DG	Hotel/restaurant	4,267,500	3,000,000	Hotel and Restaurant management, customer service
14	Arvin Dult	LLC	GA	Fuel production	27,250,000	8,000,000	Sales/Marketing assistance

15	Dashmyangan	LLC	GA	Tourism	29,435,000	9,000,000	Business Plan development
16	Lucky Dent	LLC	GS	Dental clinic	32,344,500	1,500,000	Private clinic management
17	Emeelin Hishig Hond	Partnership	GS	Farming, vegetable growing	3,446,363	2,300,000	Green House design and construction
18	Bars Moriton	LLC	GS	Bakery, bread and pastry	105,465,000	2,000,000	Market research, Financial record keeping
19	Goviin Tuya	Partnership	GS	Tailor and sewing workshop	30,113,433	3,000,000	Market research, Financial record keeping
20	Gal Munkh	LLC	UG	Furniture production	350,100,000	20,000,000	Wood processing technology; Carpentry; Marketing
21	Galbin Ulaan	LLC	UG	Wool Processing	3,240,000	1,500,000	Camel, sheep wool processing technology; Marketing
22	Umniin Gobi	LLC	UG	Bus service		40,000,000	Customer service management
23	Mandal Goyol	LLC	UH	Hairdressing and beauty salon	1,632,000	700,000	New hair cutting styles and methods
24	Tsarshangai	LLC	UH	Carpentry	14,000,000	10,000,000	BP development. Finance, Equipment, Marketing
25	Suun Dalai	LLC	UH	Dairy production curd processing	27,000,000	n/a	Hotel and Restaurant management
26	Tu-Ba-Se	LLC	UH	Resort, water treatment	22,890,000	8,800,000	Cooking technology, BP development, Advantages of business entities
27	Itgel Uv	LLC	UH	Bakery/Fine Pastry	10,000,000	5,000,000	BP development. Financial record keeping, Equipment facilitation, Marketing
	<b>Total</b>				964,333,096	173,440,000	

For the existing non-herder business clients that developed their business plans in 2005 the program collects the data related to the sales generated by these businesses in the same way as for herder clients. The following table provides the details of the sales generated by the businesses in the first quarter.

**Table 9: Sales generated by existing non-herder clients during the first quarter**

No	Company name	Aimag	BP planned income MNT	Actual Sales MNT Jan-Mar 2006
1	"Itgel-UV" LLC	UH	132,000,000	22,888,160
2.	"Tsars Hangai"	UH	44,000,000	4,975,700
3.	"Arvin Dult" LLC	GA	32,287,500	9,000,000
4.	"Lucky Dent"	GS	59,530,000	700,000
5.	"Goviin Tuya"	GS	11,448,675	1,990,338
6.	"Bars Moriton"	GS	11,305,750	2,236,500
7.	"Garyn Buyan Baidrag"	BH	4,004,000	4,914,800
8.	"Hugjliin Deej"	BH	10,603,200	795,000
9	"Gurvan Eht"	BH	6,272,640	1,745,700
10	"Nasan Hishig"	BH	8,110,080	1,347,500
11	"Zun Bid"	BH	11,070,000	460,000
12	"TEBBE"	DG	53,943,000	6,500,000
13	"Uugandalai"	DG	25,032,700	3,395,500
14	"Zambagyn Tal" coop	DG	9,152,500	1,953,240
15	"Itgel Zutgel"	DG	21,915,000	1,530,000
16	"Gal Munh"	UG	104,878,896	4,241,000
17	"Mandal Goyol"	UG	3,699,000	928,100

18	"Galbyn Ulaan"	UG	5,090,000	750,000
19	"Umniin Govi"	UG	90,720,000	2,280,000
20	"Hongor Han Ih Uul"	BH	65,430,500	2,587,250
21	"Suun Dalai Travel" LLC	UH	35,000,000	3,000,000
	<b>TOTAL</b>		<b>747,493,441</b>	<b>75,218,788</b>

#### *Short Term Technical Assistance:*

Since the main focus in the first quarter was to select long term clients and assist in their business plan development, there have been no short term technical assistance interventions provided in the reporting period. The program will select potential clients and provide training and technical assistance starting in the second quarter of the year.

### **Activity Six: Local Capacity Building for Training and Technical Assistance**

The program continues to concentrate efforts on increasing the technical knowledge and improving the training delivery skills of the aimag-based consultants and program staff who provide training and technical assistance to program clients. The program database compiling the details of all aimag-based consultants has been updated and the lists of consultants that will be hired during 2006 have been compiled by the aimag offices. Currently twenty eight aimag-based consultants have been certified by the program, these include the most frequently hired consultants: those who teach vegetable and fodder crop, dairy processing and cooperative development. The consultants that received an 'excellent', 'very good' or 'good' rating will continue to be regularly hired to provide training and technical assistance to program clients. The consultants that received an 'OK' rating will receive additional training through the GI program to improve their skills and knowledge, after which they will be re-evaluated. Using the lists and the database the Ulaanbaatar-based program officers have developed a plan to continue and expand the certification process, with the objective of certifying all aimag-based consultants by the end of the year. The first certification tests will be conducted during the second quarter, with additional training for all certified consultants planned for the second half of the year.

As part of the process of building the capacity of local training and technical assistance providers the program has continued to develop training materials and resources for use by the providers at aimag level. In partnership with PACT and RBN the program has developed three training videos; 1) a business plan training video that was distributed and used during the business plan training for both a herder and non-herder clients, 2) vegetable and fodder crop cultivation and processing video, this will be used by the aimag-based agricultural officers and consultants as the spring cultivation season gets under way and 3) a veterinary and animal disease training video to be used by the aimag based veterinarians when they are training herders in basic animal health and disease prevention. The program has also developed and published a series of twenty one page "how to" guides for vegetable production, storage and processing. The guides have been developed for the major vegetables grown in Mongolia and contain information covering soil preparation, seed selection, planting, weed control, irrigation and water requirements, harvest dates and storage recommendations. All these training materials have been distributed to the aimag offices for use by program officers and aimag-based consultants.

As mentioned in other sections of the report, during the quarter the program arranged exchange visits for the aimag-based consultants that are specialized in vegetable and fodder crop production and for the cooperative development trainers based in the aimag centers. The exchange visits were combined with meetings involving GI program staff and program clients. The visits included theoretical training to increase technical knowledge, as well as visits to successfully functioning GI herder client businesses. These visits gave the participants the opportunity to exchange experience and knowledge, contacts and useful information such as market opportunities.

### **Activity Seven: Market Development**

The Ulaanbaatar-based program team has developed a manual on, "How to Organize Market Days" which has been distributed to all target aimags. The manual has been designed to help guide the aimag program officers, the local government institutions, non-governmental organizations and businessmen as they prepare and develop the plans for the annual market days. Mercy Corps program staff work with these individuals or groups to strengthen their planning and management skills related to the staging of the event, while also advocating for greater financial and in-kind contributions from non-Mercy Corps sources. The longer-term plan is that local stakeholders will have sufficient capacity and enthusiasm to ensure that future events are staged without the direct intervention of Mercy Corps. The manual is attached as annex 3. All the aimag offices have held preliminary meetings with the local government, the Aimag Governor's office and other organizations to begin the planning for this years events. The tentative dates for the events in each aimag have been set and the aimag Representatives in partnership with the local Government have created task forces that will be responsible for the overall organization of the market days. During the second quarter action plans will be drawn up and dates for the events finalized.

The Dundgovi office arranged a business trip to the Ivanhoe Oyu Tolgoi (OT) mine site in February. The trip had the following objectives: 1) for the participants (local producers, herders and business operators) to visit the OT mine site, see the mining activities and to understand first hand the market opportunities; 2) to discuss with the mine management and local procurement department the opportunities to link Dundgovi producers to the OT mine; 3) to explore the potential of training workers at Dundgovi Aimag's Vocational Training Center in technical areas that would then provide them with a skill set that would meet the needs of the OT mine site. The participants on the trip included Citizens Representative Hural chairman S. Urjin, Governor Office head L. Tseveenravdan and local government officer Tserendorj, three directors from the larger food producer businesses in the aimag, one herder and two GI program officers. The aimag's largest food production businesses, Mandalgovi-Huns and Goviin Tenger organized an exhibition promoting their products. The sausages and camel milk packaged by Swedish technology produced by Mandalgovi-Huns company, and the baked products of Goviin Tenger company were presented to the OT procurement office. The GI office expressed the interest of the herder clients to supply vegetables, milk and dairy products, ger and wooden furniture and souvenirs to Ivanhoe Mines.

Oyu Tolgoi project vice-president Sanjdorj stated that Ivanhoe and OT had received a lot of groups and visitors from many aimags and soums, but that the Dundgovi group had a very different purpose for visiting the OT mine site compared to the others. He stated, "Some groups have come just to criticize us, others to request support and financial help, and we are pleased that you have visited us to collaborate and establish mutually beneficial business relationships". He also explained to the group that future purchases and procurement would be done through an open tender process and that all south Gobi businesses would be eligible to participate.

Overall the trip was very productive with the businesses exchanging information and Ivanhoe Mines being able to explain their planned procurement systems, quality control and requirements. The GI program officers will continue to communicate with Ivanhoe mines and assist program clients to compete for procurement tenders when they are published.

In Umnugovi, herders from "Bat-Amgalan Hurh" cooperative of Nomgon soum, "Hamtral" herder group of Mandal-Ovoo soum and "Bayan Bilgeh" group of Tsogt-Ovoo soum participated in the Umnugovi Aimag "Milk festival-2006" event organized in January. The event was organized by the Aimag government and provided the GI herder clients with the opportunity to show case some of their products and to establish market linkages with aimag based businesses, restaurants, hotels, shops, schools and kindergartens. The Cooperative "Bat Amgalan Hurh" was selected as "Seller of the most delicious airag" during this event and was awarded with the Aimag Governor Certificate. A camel belonging to Master herder B.Galhuu, member of "Bayan Bilgeh" cooperative in Tsogt-Ovoo soum came in third place at the camel race and was awarded with a prize.

The GI Office in Gobi-Altai aimag with cooperation of the Soum Government of Sharga soum organized "A Camel Man Day" and a Trade fair of elite camels along with advertising traditional camel-wool products. The event provided the GI herder clients with the opportunity to show case some of their products and to establish market linkages with soum based restaurants and shops. Mr. John Edgar, Peace Corps Volunteer assisted the "Tsagaan Temee" Herder group located in Sharga soum to sell hand spun

camel wool generating sales of MNT 276,000. The products were sold in Ulaanbaatar and in a wool shop in the USA (The Knitters Connection). This successful model of helping herders with the production of niche hand spun exotic wools is currently being replicated in Uvurhangai aimag working with Yak herders.

### **Activity Eight: Local Government Support for Business**

As part of the process of creating an enabling business environment in the target aimags the program has initiated activities to build the skills and capacities of the local government officials. During the first quarter four training workshops were organized for government officials in Umnugovi and Uvurhangai aimags. In Umnugovi aimag business plan training was provided in the three soums of Bulgan, Dalanzadgad and Mandal-Ovoo, in which a total of 60 staff from the Governor's Office and other government departments participated. The training focused on the basics of business: generating a business idea, registering a business, basic marketing skills, and several "how to's" - conducting market research and writing business plans. The participants also discussed potential economically-viable business ideas that could be developed at the soum level. In Uvurhangai aimag in Esunzil soum 14 participants from the soum government participated in a basics of management, team and time management training. The training helped participants with improving time management skills and team building activities to contribute to a more effective and efficient government office.

The six Aimag representatives held a number of meetings with local government officials to develop detailed plans for training and technical assistance that would be provided to local government officials starting in the second quarter. Requests for assistance included training covering the following areas: the Mongolian land laws and policies related to rangeland use and ownership, tax amendments and tax policies, financial accounting, health and safety standards, business basics and business plan development, and Cooperative development. The program is currently working with a select group of Ulaanbaatar-based consultants to develop a package of training programs and manuals for these specific topics requested by the aimag governments. Once the training programs and materials are developed the Aimag and Ulaanbaatar program officers in coordination with each Aimag government will develop a comprehensive plan to provide the training at three levels within the local government structure. The levels are: aimag government policy advisers, executive authorities from the aimag and Soum Representative Citizens Khural and local government employees at the soum and bagh level.

## **INTERMEDIATE RESULT 1.3-2 Increase in Availability, Access to and Use of Information**

### **Activity One: Business Information**

#### **CRSP Forage Forecasting.**

During the quarter the team continued with verification of key data. This has involved; (a) continued verification of the forage forecasting model and the mapping products, (b) fine tuning of the computer model with adjustments based on the verification data, (c) efforts to improve livestock stocking rate information, (d) assessments of the accuracy of the satellite rainfall data, and (e) development of the outreach materials for dissemination of maps and other outputs. Data from the mini-scale nine weather stations in Uvurhangai, Bayanhongor and Gobi-Altai aimags is being collected and entered into a specific database for improved calibration of the PHYGROW model and cross comparison with official weather data from the NOAA satellites and also the Mongolian meteorology institute. The team recently traveled to the three aimags to check the weather stations and established one more station with a herder in each of the aimags.

Plans have been finalized for the Texas A&M University scientists to travel to Mongolia in May for one month. During this time the team will participate in two training courses facilitated by the Texas A&M University scientists, one training will be on the use of the map software ARC GIS and use of this software to produce the forage forecast maps, and the second training will be on calibrating the PHYGROW



computer model, uploading data and cross referencing forage forecasts from the model. The team will also travel to the field to conduct the first on the ground verification of the forage conditions and to interact with potential users of the forage forecasting information to get feedback on the comprehension and usefulness of the maps and other outputs that are currently being developed and finalized.

The Gobi Forage team have also worked with the RBN journalists to prepare a series of radio programs on rangeland management, Gobi region plants and the nutritional quality of the plants for livestock production. The radio programs will be aired during the spring months.

### **Production and Dissemination of RBN Mongolian Magazine**

Starting in Year Three, the “Rural Business News” (RBN) magazine will be published on a quarterly basis. In the first quarter, Pact printed and distributed 8000 copies of the Rural Business News magazine, of which approximately 5000 reached subscribers while the rest were sold at the aimag and soum centers. As opposed to previous years, the magazine was enlarged in terms of its size - from 22 A3 pages to 32 A3 pages. Select color pages contained paid advertisements and illustrated stories of importance.

Through its contracted Market Watchers and local information networks, RBN organized marketing and promotional events for subscription in target aimags. More than 70% of all copies went to the Gobi region, specifically to herding and non-herding business clients and cooperative members. RBN subscription was also cross-promoted through RBN's electronic media products. For subscription and distribution, RBN cooperated with the professional postal service companies, local herder associations and Gobi Initiative (GI) Representative Offices.

As in previous editions, RBN provided content that is educational, practical and relevant as well as sharing local success stories, increasing business knowledge, providing herding tips, and sharing best practice experiences. RBN's regular corners appeared in issue number 49 with a specific focus on the importance of formal and non formal group and co-operative activities (Lead Story); a threefold topic - farming, processing and marketing of dairy products - expert opinion (Interview); tips for funding business - how to deal with banks (Business Corner); selecting a niche market (Business Corner); rotating pastures (Herders' Tip); livestock record keeping (Herders' Tip); soil preparation (Farmers Tip); and improving product packaging (Aimag Page) amongst others. Aside from established features and articles, RBN continued to include content that reflects GI objectives and growth in the rural economy.

Changes aimed for improvement were applied in several of the stories including Market Watch, Aimag pages and Interview. For instance, the Market Watch column has become a more detailed “quarterly price summary and forecast” along with other seasonal specific commodities. The Aimag pages contained detailed practice examples coupled with technical tips on the main subjects.

The Lead topic provided an analysis of the present day situation of setting up groups, partnerships and cooperatives and provided recommendations on improving the management of the cooperative, along with tips on group building and organizing group work with the advantages of labor allocation. Business corners (3) highlighted what business operators should consider in funding activities, including tips dealing with the funding cycles between the business operator and the bank. Other business corners focused on management tips, finding a niche market, and studying the market before producing commodities. There were also three Herders Tips focusing on livestock record keeping, preventing brucellosis during summertime, and four ways of rotating pasture throughout the year. Farmers Tip emphasized soil preparation, from selecting the best plot of land through to the seedling stage. Recommendations from local and international consultants were utilized in the features with a focus on soil preparation, selection indicators and pre-planting fertilization.

RBN also provided an events calendar for rural business operators, informing them of when and where the expected fairs and exhibitions related to agricultural business will occur in the six Gobi Aimags. Business Guide, a new corner, provided charts that explained the process for registering new businesses in an attempt to assist newly emerging herding and non-herding businesses.

Aimag pages' practice based tips (8 stories) have seen changes in terms of style and look (pictures and layout improvement). These pages provided easy to understand rural success business examples, techniques and tips about specific aspects of the business. A story written from Uvurhangai aimag was about the local "Itgel" bakery company, with a heavy emphasis on its efforts to improve the packaging of its products. Besides business tips, the story also provided solutions for the packaging of different products including baked goods, dairy, and vegetables. A focus on dairy packaging to ensure hygiene was included in a story that an Umnugovi stringer wrote for RBN. Other topics on the Aimag pages included bee farming, milk and dairy storage and processing, wool crafting and marketing, seed preparation and selling options, patchwork and leatherwork business tips and techniques, and farming/vegetable related business/marketing tips.

### **Production and Broadcast of RBN Weekly Radio Programming**

During the first quarter, RBN aired an average of 200 minutes of radio programs each week for a period of 3 months, each program reaching at least 120,000 Gobi listeners including herders, business operators, government and non government employees etc. Programs generally remained within the standard format and content, which includes "Market Watch", "Weather Watch", and "Learning Agribusiness", with new segments added. The programs shifted from a "single topic-single program" to more of a series based program with the intention of providing better and more useful information and in-depth tips.

RBN introduced a new series of programs including "Animal Husbandry Management", "Managing Business", "New Ideas", "Rural Marketing", "Cooperative Development and organizational strengthening", "Livestock Health", "Business Guide" and "Interview- Talk show, bringing agricultural and business experts together to debate challenges and opportunities facing business in current day Mongolia". All radio programs consist of a series of 6-12 topics that are interrelated and previously planned taking into account the interests of the listeners. RBN ensures that the programs contain stylistic elements and effects so that the programs and segments sound attractive and contain useful information. Additional programs to be added are being developed and researched through monitoring and feedback from listeners of existing current programs and radio journalism research.

Broadcast schedules remained the same as provided below and program formats included a mix of live sound bytes and studio recordings, along with maximum use of natural sound. Radio continues to be the most effective media in reaching the rural population in the Gobi region and nationwide. Programs were all produced in the in-house RBN studio. After negotiation with the newly emerging National Public Radio, RBN kept the payment rate unchanged despite the inflation rate and the justification of increased prices for programming by the new Mongol Radio management team.

#### **Rural Business News Radio broadcast schedule**

	Start time: 7.30 am, 10.15 am, 21.15 pm Duration: 20 minutes on Mondays - Thursday, 25 minutes on Friday
<b>Monday</b>	<b>Segments;</b> 1. Managing Business 2. Weather Watch
<b>Tuesday</b>	<b>Segments;</b> 1. New ideas/Cooperative Development and Organizational Strengthening 2. Market Watch
<b>Wednesday</b>	<b>Segments;</b> 1. Weather Watch 2. Market Watch 3. Weekly Price Report
<b>Thursday</b>	<b>Segments;</b> 1. Market Watch 2. Amimal Husbandry Management 3. Business Guide
<b>Friday</b>	<b>Segments;</b> 1. Weather Watch

	2. Market Watch 3. Rural Marketing 4. Livestock Health (A bi-weekly talk show is also added periodically )
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### **New Radio Series following Herder from the Future Radio Drama (26 programs)**

In the first quarter, RBN continued working on the planning of a new series that would follow the Herder from the Future series. As planned, RBN will produce a series of business documentaries to replace the 2005 'Herder from the Future' (HFF) radio drama. The new series will largely incorporate the findings of a recent monitoring survey.

By the end of June, the new programs will be outlined and approved and be shifted into production.

### **Production and Dissemination of Market Watch**

"Market Watch" continued to provide demand-driven price information. RBN, using its nationwide "Market Watch" network, gathers highly valued commodity price information and disseminates it to GI clients and other herding and non-herding businesses throughout the country. The "Market Watch" radio program included 44 different commodity prices, with an emphasis on raw materials, as herders were actively involved with meat, skins/hides and cashmere sales during the quarter. RBN also highlighted some important and seasonal commodities including vet pharmaceuticals, seeds and seedlings, soil processing equipment and, in particular, cashmere.

Pact continued its RBN-509 service, a SMS service that delivers price information. During Quarter One, the RBN-509 service was accessed 500 times by clients using cell phones in both rural and urban areas.

RBN began collecting information on all product prices (including agricultural equipment, veterinary drugs, vegetables seeds, vegetables, dairy and milk, building materials etc) and began creating a database. The database will be used to provide information to the clients of the program, especially those engaged in new diversified herding, farming, service and other businesses. To have a hands-on database available at the requests of the clients, we established the database with the prices of different products as well as their supplies and providers. When the project finishes, Market Watch's duties may shift to other organizations, and the database would therefore play a key role in the continuation of effective performance. Overall, the database will help Market Watch function beyond the Gobi lifespan as well as facilitate quick responses to client needs.

The RBN magazine published a "Market Watch" corner, which summarized the quarter's prices and highlighted cashmere skins/hides, meat, and other raw material prices. It also included analyses and details on the factors influencing price fluctuations and forecasts.

RBN launched a new TV program called "Learning business" on commercial station TV-9 and started broadcasting a twice-monthly Market Watch segment as part the program. RBN journalists regularly anchored the program. Similar programs are soon to emerge on Mongolian National Public TV, with which negotiations are currently underway.

Overall, "Market Watch" continued providing business operators with information enabling them to make decisions about which markets to access and at what prices to sell their products, thus meeting the objective of helping to eliminate regional price differentials.

### **RBN Website**

Pact has updated the RBN website ([www.rbn.mn](http://www.rbn.mn)). The website pulls together all the rural business news reported elsewhere as part of RBN services and products, targeting primarily rural business people who have access to the internet.

### **Production and Broadcast of RBN TV Programming and 26-part TV drama series**

RBN produced three prime-time television programs during the quarter and all were broadcast bi-monthly on TV-9 on Mondays. Business operators and cooperatives that were featured in the programs included Gobi clients, and the RBN team traveled to various locations to produce the program. The program style and format was changed into a more lesson-like format; topics included: how to set up a cooperative, ways to increase sales and tips to manage business. The lessons-topics were produced in an easy to understand format and strengthened by expert opinions, local best practices and more.

Broadcast free by TV-9 twice a month on a Monday, the programs mark the first time that a private Television station has donated airtime and cooperated with a development organization in supporting business development. This cooperation has allowed Pact to extend the reach of the program to a wider audience.

Planned broadcasting on Mongolian National Public TV is currently under negotiation. With the organizational changes in Mongol TV, and the associated changes in structure, format and programming style, broadcasting of the show is currently on hold pending the conclusion of the above-mentioned negotiations. The program that will air on MN TV will be similar to that on TV9, but with more slightly different information designed in a series format and with a different 'look'.

Throughout the quarter, RBN continued broadcasting the 26-episode TV drama series "Endless Labyrinth" on Mongol TV. The 26-part educational TV drama follows the efforts of a rural family to develop and operate a small rural business, and tracks the activities involved therein - researching the local market, securing financing, producing a quality product, managing the business, and dealing with risk-associated issues. The episodes are expected to end in Mid May. The series will be followed with the production of a new series.

According to the official figures provided by Mongolian National Television, approximately 300 000 viewers have watched the drama, although this is difficult to verify. With a purely business focus, the drama disseminates business knowledge and practices based on the story of a former herder family who has moved to the aimag center from the countryside, and examines process ranging from business development ideas to profit gains. Being unique, the series differs from other series widely broadcast in Mongolia in that it is Mongol-based (exploring business practices in am Mongol-reality), has a purely Mongolian cast (including well known actors) and is Mongol business-driven (based on rural needs), making it the only product of its kind in the country.

With bi-weekly programs on each TV station, Pact's programs can be found on TV every week, disseminating continued and useful business information throughout the country and building the skills of herding and non- herding businesses with practice based business tips.

Monitoring of the current Endless Labyrinth is scheduled for April, the results of which will be taken into account in the script development of the next series.

51-year-old N.Aabayar (Dariv soum of Govi-Altai aimag)

The drama that is on air every Saturday on National TV is a very inspiring and very stimulating drama for the well being of human life. Those who watch the drama immediately think of some possible business ideas and get inspiration to conduct business as it is shown in the drama. It is a very clear example of a successful business, and shows people that there are many possible ways to do business. This has managed to educate young people in further viable business knowledge and sustainable livelihoods. It is newsworthy and knowledge-worthy.

Excerpts from the response of a herder family on questions about "Endless Labyrinth"

### **Production of Video Training Materials**

Pact/RBN produced a Veterinary training video, working closely with core GI experts and clients. The video, which focuses on basic veterinary tips and the importance of animal health and disease prevention, has been designed to complement the existing training programs provided by the aimag-based veterinary consultants. With input from the veterinarians and GI program officers, Pact /RBN ensured the training

video was produced in an educational manner for herders and inspires follow up activities to ensure healthy livestock.

### **Activity Two: Local Capacity for Information Dissemination and Communication**

During this reporting period, no significant activities were implemented towards building local capacity for information dissemination and communication. Though some activities were planned (organizing public forums and radio call in shows in the aimags), these were postponed until late April. The first radio call-in shows are being organized in Dundgovi, Umnugovi and Gobi-Sumber aimags and will take place in April.

In cooperation with the local NGOs and independent radio stations, RBN will organize a one-hour radio call-in show in the three Gobi aimags mentioned above on topics related to land (including pastureland) tenure and access to, and operation of, the Professional Inspection Department vs. local businesses. Gobi Sky NGO and radio station in Dundgovi, Gobi Wave Public Information Center and Women for Social Progress NGOs in Umnugovi and Davkhar Delgest Cooperative radio station in Gobi-Sumber will be the partners for the radio call in shows and will be co-producing the show under RBN's technical guidance. Through negotiations, RBN and the partners agreed that the rural radio stations/ NGOs will, at least once a quarter, bring together local government and business operators at the discussion table via the airwaves.

### **COLLABORATION WITH GOVERNMENT OF MONGOLIA AND OTHER PROJECTS**

Mercy Corps Mongolia completed an annual report for 2005 that was submitted to USAID, US Embassy and a number of Mongolian government ministries and the Mongolian President's Office in March 2006. A formal response from the President's Office was received in which Mr Bilegt the head of the office expressed the Presidents interest to cooperate with the Mercy Corps projects implemented in the aimags. Among the cooperation ideas suggested by the Presidents office there were ideas to co-organize a workshop on the factors affecting the Gobi regions economic development and conduct training to strengthen civil society in the aimags. The senior management from Mercy Corps are planning to hold a meeting in late April with the President's office to further discuss the opportunities of cooperation and to arrange a visit for the President to one of the GI aimag offices, including visits to program clients.

Ulaanbaatar-based program staff held meetings with GTZ's Cooperative Management Improvement project sharing information related to the two programs activities, to learn about GTZ's work with respect to rural cooperative development and discussions are continuing on opportunities to further collaborate around the issue of cooperative formation and organizational capacity strengthening for rural herders and cooperatives. GTZ initiated the project in early 2005, the activities include conducting cooperative legislation and policy work, facilitate cooperative networking, developing a concept for the establishment of a cooperative support organization and providing cooperative management capacity building technical assistance.

Mercy Corps Mongolia assisted ten GI herder clients to submit applications to participate in the UNDP organized "Community Development Naadam" to be held on the 17th-19th June in Ulaanbaatar. The nadaam will feature the activities and initiatives of donor funded and government programs. The Organizing committee will hold a meeting on 24th April to agree and finalize the location, logo, action plan and communication plan for the event. GI is hopeful that the herder clients will be selected to participate to make presentations at the event.

The Ulaanbaatar-based program officers continue to collaborate with a number of organizations that are working on community-based tourism activities. The organizations include GTZ, UNDP, VSO, WWF and the Hustai National Park. The group has been meeting on a monthly basis to cooperate on marketing efforts and on the promotion of small herder-based ger camps. Three GI herder clients; "Altan Gobiin Shiree", "Anh san" cooperative and "Avrah" cooperative from Umnugobi aimag participated in a conference on, "Developing community based tourism" that was organized in Ulaanbaatar on 10-11 March. The conference's primary objective was to discuss the establishment of a member-based umbrella organization based in Ulaanbaatar. The concept of the umbrella organization was keenly discussed and the participants

were enthusiastic about establishing the organization in the next three months, with the primary objective of promoting the services and camps of the members at the start of the 2006 tourist season. Ultimately the umbrella organization would provide its members with marketing assistance, establish minimum standards for health and safety, and standardize services provided by herder operated ger camps. At the conference the clients met with UB tour operators and negotiated agreements with the tour operators. As part of the assistance to these specific GI herder clients with tourism businesses the program has provided technical assistance to develop and publish promotional brochures which will be distributed to the tour operators and at the tourist information centers in Ulaanbaatar.

During the quarter Mercy Corps received approval to issue a subgrant to Mongolian Alternatives Center (MAC) to implement the Nomad-centered communication and infrastructure development through tourism project in Dundgovi aimag. The project will specifically target three soums in Dundgovi aimag and will also provide training and technical assistance to existing Gobi Initiative clients that have diversified their business activities into tourism. The goal of the subgrant is fully congruent with the goal of the Gobi Initiative to develop and strengthen rural business. The subgrant will focus on herder business diversification in the specific business area of tourism and will complement existing herder business diversification activities in the region. In the southern Gobi target aimags, tourism is one of the major business diversification opportunities for the target clients of the Gobi Initiative. By providing a subgrant to MAC the Gobi Initiative will be in a position to link to those herder clients that have the conditions and motivation to diversify their business activities into tourism to a well qualified organization that will provide specific and appropriate technical assistance to enable the clients to develop their new businesses.

The main objectives of the subgrant are the following:

- *Rural and regional economic development:* Develop pro-active herders and unique in-country tourism products that enable tourists to encounter the nomadic lifestyle of Mongolian herders, as well as the development of regional products and new rural job opportunities.
- *Establish a nomad-centered sensitive eco-tourism environment:* Enable rural herders in Dundgovi to effectively mobilize their nomadic assets (lifestyle, natural resources, livestock, culture, etc.) into commercially viable and environmentally sensitive travel routes and products.
- Ger to Ger has selected Dundgovi aimag with the objective to mobilize herders' assets into productive economical use and to develop rural tourism infrastructures and to diversify incomes of nomadic herder families and their communities so that the economic benefits of tourism can "trickle down" to those in need.

Meetings were held with World Bank staff working on the "Sustainable Livelihoods Project", during which the opportunity to expand the Gobi Forage project into Tuv aimag, with funding from the World Bank, was discussed and finalized. The proposal for Tuv aimag was submitted to the "Sustainable Livelihoods Project" management office and the program has negotiated the terms and conditions of the expansion plan and activities will start in May. The Gobi Forage expansion will initially cover the two soums of Erdene and Erdsant and will provide forage forecast information to the key stakeholders.

All six Gobi aimags are involved in the RASP (USDA-funded) dairy food safety campaign. Mercy Corps, in partnership with the Public Health Institute, has expanded the target area from last year and will implement the campaign throughout the ten aimags in which Mercy Corps works. The selected messages for the food safety campaign include information on Brucellosis and stomach infection/disease transmission, prevention, symptoms and treatment. The selected messages for the food safety campaign include information on Brucellosis and stomach infection/disease transmission, prevention, symptoms and treatment. The most important specific messages focus on prevention: boiling raw milk for at least two minutes before tasting it, how and when hands should be washed, and what to do, ask and look for to in protecting yourself when buying raw milk and dairy products. The campaign this year has also been expanded to include a specific component and educational materials targeting school children. The campaign will run on Channel 9TV and Mongol Radio (during prime time), and posters and other informational products have been developed for distribution throughout the ten target aimags. The initial launch of the campaign will be in early April, timed to coincide with the beginning of the 'milk season' when hygiene problems related to production and marketing of milk products increase and consumers are most at risk. The aim is to effectively educate more than 5,600 herders and 13,000 children on the risks

associated with Brucellosis and Stomach Infectious Diseases and how they can effectively protect themselves.

The Dundgovi office, in collaboration with the 'Dundgovi Youth' NGO, has continued co-implementation of a small business development project for young entrepreneurs, funded by private donors of Mercy Corps. Ten young entrepreneurs continue to implement their business plans from 2005 and the program has increased the number of clients with eight new entrepreneurs developing business plans. The program has been expanded into Uvurhangai aimag and is working in partnership with the Uvurhangai Youth Association. The model is the same as in Dundgovi, with the Youth Association taking the lead with client selection, business plan development training and monitoring and evaluation. In Uvurhangai the program has selected seven young entrepreneurs who have participated in a one-week intensive basic business training, including essential business planning training. The young entrepreneurs in both Dundgovi and Uvurhangai are currently finalizing their business plans and applying for financial loans from the commercial banks.

## **PROGRAM/FINANCIAL MANAGEMENT**

With the start of Year Three there were some changes in the senior management structure. The Deputy Chief of Party Mr. Sean Granville-Ross for the first two years of the program was promoted to Chief of Party. The previous Chief of Party, Mr. Steve Zimmerman continues to work with the program but now only spends 25% of his time working with the program. Mr Zimmerman continues to assist the program in the following areas: financial management, budgeting and USG compliance monitoring, assisting with developing possible synergies between the two US Government-funded projects (GI and the Rural Agribusiness Support Program), assist with the development of future GI program strategies, and representing the GI program to high ranking government officials, visiting donors and international consultants.

A new Deputy Chief of Party/Rural Economic Advisor Mr. Tim Stewart was recruited in December 2005 and has been working with the program since January 2006, he is fully immersed in the program and has been critical in providing support during the initial busy first quarter. Mr. Tim Stewart has over five years of overseas rural development experience in Ghana, Afghanistan, Ethiopia and Indonesia. Mr. Stewart has worked for Mercy Corps since December 2003, managing a successful women's agricultural program in Afghanistan, starting up a three-province veterinary service delivery program (also in Afghanistan), evaluating a pastoralist development program in Ethiopia; providing staff capacity building and designing monitoring and evaluation systems for a large rural livelihoods program in post-tsunami Indonesia. Mr. Stewart has a BSc (hons) in Agriculture from the University of Wales, Aberystwyth and an MSc in World Animal Production from the University of Wales, Bangor.

In the six GI aimags the program staff have completed the selection of a total of thirty-three soum-based 'Information Outreach Officers' (IOO's). The primary responsibilities of the IOO's are: (a) helping the program with disseminating program information to the herder groups/cooperatives, (b) collecting and disseminating information necessary for rural business development - markets, products and services, (c) assisting in arranging training and technical assistance activities, (d) serving as a link between the Gobi Initiative and local business, government and non-government organizations, and in exploring and utilizing opportunities for expanding and improving cooperation, and, (e) aiding the program offices in monitoring herder group/cooperative business plan implementation. All selected IOO's received an orientation training during the quarter, focusing on the goals and objectives of GI and the role of the IOO's in achieving those objectives.

There were no other key staffing changes during the first quarter.

Spending through March 31, 2006 has not yet been completely finalized, but preliminary figures indicate cumulative expenses of \$ 3,742,763. This amount is composed of the following:

UB Project Management	\$ 920,030
UB Program Delivery	\$ 729,656

Aimag Program Delivery	\$ 901,825
PACT/RBN	\$ 801,766
Indirect Cost	\$ 389,486
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<b>TOTAL</b>	<b>\$ 3,742,763</b>

The reallocation of Program Delivery expenses into "target group" results in the following:

UB Project Management	\$ 920,030
Herder Businesses	\$ 956,991
Non-Herder Businesses	\$ 456,741
Local Government/Other (market events, etc)	\$ 217,749
PACT/RBN	\$ 801,766
Indirect Cost	\$ 389,486
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<b>TOTAL</b>	<b>\$ 3,742,763</b>

## **CONCLUSIONS AND RECOMMENDATIONS**

Overall, the project is on schedule. The first quarter has been very busy, reflecting the number of herder program clients. Business planning was completed for the 171 herder groups and cooperatives and all have now begun implementation of their agreed-upon business activities. The guidelines and criteria for the selection of non-herder businesses were revised and eighteen non-herder businesses have been selected for longer-term support, with business plans completed for all of these program clients. In addition there are twenty seven existing non-herder clients from last year that are also revising and updating their business plans. The provision of technical assistance and training has been planned for the year. During the first quarter, a total of fifty seven training and technical assistance interventions were implemented for herder clients. The identification of agricultural equipment and vegetable and potato seed suppliers has been a key task for the Ulaanbaatar agriculture officer. The capacity and skills of the program staff with business plan development continues to improve and as a result the time taken for the development and approval of herder and non-herder business plans continues to decrease with an average now of two months from selection to approval. Also, this year the program has taken steps to give ownership to the aimag offices for the review and approval of business plans. Starting this year the aimag-based program officers have the authority to approve business plans with a loan amount of MNT 3 million or less. As part of the effort to continually improve the program the staff and existing clients are working together to revise the business planning process from selection of clients through to the development and approval of the business plans in preparation for the fourth year (2007) of herder client selection and business planning.

GI continues to use sales generated by the program clients as an indicator of success. During this first quarter, a relatively slow sales season given the winter conditions, GI herder groups/cooperatives generated sales of MNT 70,596,050 (USD 58,830). The sales consisted primarily of both vegetable and dairy products that were stored during the winter. As the year progresses the project will continue to provide herder clients with technical assistance to improve the marketability of their products, and will also assist with creating linkages to local as well as national markets. The sales generated by the program clients will be tracked on a monthly basis and the information maintained in the program's database.

Linked to the gathering of sales figures the program has also taken steps to improve business financial record keeping and accountability, with the development of a new business and financial record book. Book design and content was done in cooperation with both clients and local CPAs. The program has initiated a training program in all six target aimags for at least one member of each cooperative on how to complete the book, maintain an accurate balance sheet, and prepare Government tax reports. It is hoped that with improved financial record keeping the program will be able to accurately track sales figures, but also begin to look at the profitability of the businesses by comparing sales with costs of production.



The Mercy Corps loan guarantee mechanism continues to be a crucial component of the program and instrumental in linking the rural businesses (particularly herder businesses) to the financial services sector. During the quarter, 48 herder groups/cooperatives have received loans totaling MNT 126,470,000.00 (USD 105,392) and 4 non- herder business received loans for MNT 12,900,000 (USD 10,750). Mercy Corps has provided a total of MNT 76,342,500.00 (USD 63,619) as cash collateral through the loan guarantee fund. The program continues to see an increase in competition among the rural banks with all banks competing with similar interest rates and loan products. With a number of clients applying for their second or third loan the program has seen an increase in the collateral provided by the clients, yet the banks have maintained their interest rates which demonstrates that the clients have increased their assets through their businesses and are building a credit history with the banks. With the third year of the loan guarantee program and all GI clients developing business plans, the banks have begun to take these plans and use them as part of their loan assessment process. As a result, XAC bank requested the GI program officers to provide business plan training to their aimag branch managers. Also, the program has been approached by Khaan bank with a similar request to look at ways to increase the skills and capacity of their rural bank staff in assessing and understanding business plans. Overall, it appears that the banks are beginning to change the way they do business. They are starting to look at a business for its economic viability, using the business plan as a tool, reviewing the cash flow of the business and making a final decision of whether to lend, based on other factors rather than purely on a collateral basis.

At this point in time, Mercy Corps and Pact have no recommendations for any material changes to the GI Phase II program.

This concludes the Year Three First Quarter Report.

Attachments to this Report are:

- Appendix 1: Details of Herder Client Sales in CY2006
- Appendix 2: Gobi Initiative herder and non-herder clients that have received loans in 2006
- Appendix 3: How to Organize Market Days

## SALES INCOME OF HERDER CLIENT BUSINESSES Annex # 1

	Name	Soum	Loc	Type	Activity	January	February	March	Total
2	Aruin Mend	Bayanhongor	BH	LLC	Veterinary service /laboratory			43,950	43,950
11	Eruul Urjihui	Galuut	BH	C	Veterinary service			172,200	172,200
15	Iher gurvan bulag	Gurvanbulag	BH	C	Felt production		176,000	760,000	936,000
17	Jalanger ovoo	Gurvanbulag	BH	C	Dairy products		310,000		310,000
20	Lkha tenger	Bayantsagaan	BH	C	P&S / Shoes and saddle-leather			960,000	960,000
21	Mandal baidrag	Jargalant	BH	C	Dairy products			522,000	522,000
32	Uutiin urlal	Galuut	BH	C	P&S/skin products/felt products			114,000	114,000
<b>Total</b>							<b>486,000</b>	<b>2,572,150</b>	<b>3,058,150</b>
1	AMGENA	Sumber	GS	P	Veterinary service		140,000	213,350	353,350
3	Bilgeh Sansar	Shiveegovi	GS	P	Meat production and hay	258,000	230,000	870,000	1,358,000
4	Bishrelt Sumber	Sumber	GS	C	Dairy products and meat	300,000		0	300,000
5	Bor Togoot	Sumber	GS	C	Meat production and hay		170,000	500,000	670,000
6	Dert Delgereh	Tsagaandelger	DG	HG	Felt production			250,000	250,000
7	Heentsee	Sumber	GS	HG	Dairy products and meat	1,670,655	222,000	216,000	2,108,655
8	Ikh uul	Bayantal	GS	C	Meat production and hay	190,000	210,000	1,004,000	1,404,000
9	Mandal Sansar	Shiveegovi	GS	C	Vegetable / Hay and camp		1,200,000	200,000	1,400,000
11	Sumber Tsagaan temeet	Sumber	GS	C	Vegetable / Hay and dairy	200,000	450,000	180,000	830,000
12	Tevshiin Hajuu Us	Sumber	GS	C	Dairy products and meat	500,000	150,000	0	650,000
<b>Total</b>						<b>3,118,655</b>	<b>2,772,000</b>	<b>3,433,350</b>	<b>9,324,005</b>
5	Bumbat Suvarga	Nariinteel	UH	P	Veterinary service		160,000	400,000	560,000
11	Ekh Ongi	Bayangol	UH	P	Veterinary service			334,975	334,975
13	Hiimorit Tahlilga	Nariinteel	UH	C	Tourism / Hotel and food service		2,080,000	1,750,000	3,830,000
21	TMZA	Tugrug	UH	P	Veterinary service		262,320	59,400	321,720
22	Tsogdarit	Burd	UH	P	Veterinary service		64,800	423,000	487,800
26	Uhaa Hudag	Bogd	UH	P	Vegetable production	300,000	559,000		859,000
29	Ushgog Erdene	BBU	UH	C	P&S / Fuel station		11,250,000	14,738,000	25,988,000
31	Uv Tan	Arviheer	UH	LLC	Dairy products	450,000	387,000	275,000	1,112,000
32	Uzmen Ish	Bogd	UH	P	Veterinary service		280,000	175,000	455,000
34	Yesun Tuguldur	Esunzuil	UH	HG	Tourism / Hotel and food service	541,000	529,000	533,200	1,603,200
<b>Total</b>						<b>1,291,000</b>	<b>15,572,120</b>	<b>18,688,575</b>	<b>35,551,695</b>
3	Ankh san	Bulgan	UG	C	Tourism	174,000	252,000	168,500	594,500
4	Avrakh	Hanhongor	UG	HG	Tourism		30,000	25,000	55,000
5	Bar gun	Hanhongor	UG	P	Veterinary service			68,000	68,000
9	Bayangiin gol	Bayandalai	UG	HG	Dairy products	196,000	284,000	80,000	560,000
19	Khan javhlant	Hanbogd	UG	C	Veterinary service	20,000	72,000	137,200	229,200
20	Naran zug melmii	Noyon	UG	P	Veterinary service		110,000	96,000	206,000
22	Orgil bulag	Hanhongor	UG	HG	Vegetable production	50,000			50,000
26	Uliastai	Hanhongor	UG	HG	Felt products		363,000		363,000
27	Undraa dalai	Bayandalai	UG	P	Veterinary service			110,000	110,000
<b>Total</b>						<b>440,000</b>	<b>1,111,000</b>	<b>684,700</b>	<b>2,235,700</b>
2	Alatau-Altai	Esunbulag	GA	LLC	Dairy products / farm	720,000		660,000	1,380,000
3	Altain Devshil	Tseel	GA	LLC	P&S / Bakery	250,000			250,000
5	Baatardan	Chandmana	GA	C	Dairy products/sour cream	350,000			350,000
6	Baga Murun	Biger	GA	P	Felt production	150,000		119,000	269,000
7	Batbukh	Bugat	GA	C	Veterinary service		109,800	195,500	305,300
9	Buraatbulag	Tugrug	GA	C	Dairy products	150,000			150,000
11	Durvun uvuljuu	Esunbulag	GA	P	Dairy products/yogurt	150,000	425,000		575,000
13	Gazriin Uguuj Hurimt	Taishir	GA	C	Vegetable production			710,000	710,000
14	Goviin sor	Chandmana	GA	HG	Sheep and camel wool production		22,200	300,000	322,200
18	Halba Hairhan	Altai	GA	C	Tourism / Restaurant	200,000	101,500	496,000	797,500
19	Ikh Ovoo	Esunbulag	GA	C	Dairy products/ Milk	120,000	114,000	120,000	354,000
26	Sor Manlai	Delger	GA	P	Meat production		1,782,200		1,782,200
27	Tarian Ovoo	Delger	GA	C	Meat production		1,605,000	648,000	2,253,000
31	Urnukh Buyan	Esunbulag	GA	LLC	Dairy products / farm	470,000	320,000		790,000
<b>Total</b>						<b>2,560,000</b>	<b>4,479,700</b>	<b>3,248,500</b>	<b>10,288,200</b>
2	Buht Tavan Erdene	Undorshil	DG	LLC	Veterinary service		39,150	113,250	152,400
5	Buyanbulag	Olziit	DG	C	P&S / Shoes making		160,000	200,000	360,000
6	Delgerbulag	Bayanjargalan	DG	LLC	P&S / Shoes making		225,000	469,000	694,000
7	Deren Uul	Deren	DG	LLC	Veterinary service		76,500	52,200	128,700
8	Dundgobi Ireedui	Saintsagaan	DG	LLC	Veterinary service		114,850	118,000	232,850
10	Elbeg Dalai	Erdenedalai	DG	LLC	Veterinary service		623,000	685,000	1,308,000
14	Gurvan Tugrug	Khuld	DG	HG	Dairy products / camel milk		220,000	269,150	489,150
15	Halzandalai	Erdenedalai	DG	C	Tourism			49,000	49,000
25	Salhit	Luus	DG	LLC	Veterinary service		124,600	391,700	516,300
29	Tugrugiin Itgeltset	Khuld	DG	C	P&S / trade		4,108,000	2,100,000	6,208,000
<b>Total</b>							<b>5,691,100</b>	<b>4,447,300</b>	<b>10,138,400</b>
<b>Grand Total</b>						<b>7,409,655</b>	<b>30,111,920</b>	<b>33,074,575</b>	<b>70,596,150</b>

## Annex 2

### Gobi Initiative herder and non-herder clients that have received loans in 2006

No	Name of the Entity	Entity type	Aimag	Herder/ Non herder	Loan amount MNT	Paid collateral by client MNT	Paid collateral by MC MNT	Bank
1	Busiin Hogjil 2	Cooperative	Dundgobi	H	5,000,000.00	2,400,000.00	2,600,000.00	XAC
2	Badrakhshand 3	Cooperative	Gobi Sumber	H	2,000,000.00	600,000.00	1,400,000.00	XAC
3	Bishrelt Sumber 3	Cooperative	Gobi Sumber	H	3,000,000.00	600,000.00	2,400,000.00	XAC
4	Danshig Denj 2	Cooperative	Uvurhangai	H	2,400,000.00	960,000.00	1,440,000.00	XAC
5	Urjliin Hugjil 2	Cooperative	Uvurhangai	H	2,850,000.00	1,140,000.00	1,710,000.00	XAC
6	Yoson Tahilga	Group	Uvurhangai	H	2,800,000.00	1,120,000.00	1,680,000.00	XAC
7	Naranbulag	Group	Dundgobi	H	3,000,000.00	1,500,000.00	1,500,000.00	XAC
8	Arvin Dalai 2	Group	Dundgobi	H	3,000,000.00	1,500,000.00	1,500,000.00	XAC
9	Eviin khuch 2	Group	Dundgobi	H	4,000,000.00	2,000,000.00	2,000,000.00	XAC
10	Mandal Sansar 3	Cooperative	Gobi Sumber	H	1,000,000.00	500,000.00	500,000.00	XAC
11	Lkha Tenger	Group	Bayanhongor	H	3,000,000.00	600,000.00	2,400,000.00	XAC
12	Uutiin Urlal	Cooperative	Bayanhongor	H	2,000,000.00	1,000,000.00	1,000,000.00	XAC
13	Ikh Uul -BH	LLC	Bayanhongor	NH	6,000,000.00	3,000,000.00	3,000,000.00	POST
14	Honi Hairhan	LLC	Umnugobi	NH	1,400,000.00	567,000.00	833,000.00	XAAH
15	Bayan-Undur	Group	Umnugobi	H	500,000.00	200,000.00	300,000.00	XAAH
16	Sarlag 2	Group	Umnugobi	H	600,000.00	240,000.00	360,000.00	XAAH
17	Bayan Uul	Group	Bayanhongor	H	1,000,000.00	400,000.00	600,000.00	XAC
18	Gurvan Tsahir 2	Cooperative	Bayanhongor	H	6,500,000.00	2,600,000.00	3,900,000.00	XAC
19	Tovgoriin Dalan 2	Cooperative	Bayanhongor	H	1,000,000.00	400,000.00	600,000.00	XAC
20	Suuji Bayan Orgil 2	Cooperative	Bayanhongor	H	1,500,000.00	600,000.00	900,000.00	XAC
21	Jargalant Sunber Hairhan 2	Cooperative	Bayanhongor	H	2,500,000.00	1,000,000.00	1,500,000.00	XAC
22	Buyant Hongor	Cooperative	Bayanhongor	H	2,500,000.00	1,000,000.00	1,500,000.00	XAC
23	Eruul Urjihui	Cooperative	Bayanhongor	H	2,500,000.00	1,000,000.00	1,500,000.00	XAC
24	Ikh bogd orgon 2	Cooperative	Bayanhongor	H	4,000,000.00	1,600,000.00	2,400,000.00	XAC
25	Har Hud 2	Cooperative	Bayanhongor	H	2,000,000.00	800,000.00	1,200,000.00	XAC
26	Baruun Nuur 2	Cooperative	Bayanhongor	H	1,000,000.00	400,000.00	600,000.00	XAC
27	Sod bayalag 2	Group	Umnugobi	H	2,000,000.00	800,000.00	1,200,000.00	XAAH
28	Bayan Bilgeh 2	Group	Umnugobi	H	500,000.00	150,000.00	350,000.00	XAC
29	Avrakh 2	Group	Umnugobi	H	2,970,000.00	891,000.00	2,079,000.00	XAC
30	Haniin Enger	Cooperative	Umnugobi	H	600,000.00	180,000.00	420,000.00	XAC
31	Orgil Bulag 2	Group	Umnugobi	H	5,000,000.00	1,500,000.00	3,500,000.00	XAC
32	AMGENA	Partnership	Gobi Sumber	H	1,000,000.00	500,000.00	500,000.00	XAAH
33	Nertiin Orgil	Group	Gobi Sumber	H	2,400,000.00	960,000.00	1,440,000.00	XAAH
34	Tevshiiin Hajuu Us	Cooperative	Gobi Sumber	H	5,000,000.00	2,500,000.00	2,500,000.00	XAAH
35	Bars Moriton	LLC	Gobi Sumber	NH	3,000,000.00	2,400,000.00	600,000.00	XAAH
36	Hangain Hishig	Group	Dundgobi	H	3,300,000.00	1,320,000.00	1,980,000.00	XAC
37	Halzan dalai 2	Cooperative	Dundgobi	H	2,000,000.00	1,000,000.00	1,000,000.00	XAC
38	Goliin Ovoot	Group	Dundgobi	H	3,000,000.00	1,500,000.00	1,500,000.00	XAC
39	Otgonbayar	Sole proprietorship	Dundgobi	H	1,000,000.00	500,000.00	500,000.00	XAC
40	Tsagaan Chuluut 2	Group	Dundgobi	H	4,000,000.00	2,000,000.00	2,000,000.00	XAC
41	Ireedui	LLC	Dundgobi	NH	2,500,000.00	1,250,000.00	1,250,000.00	XAC
42	Tugrugiin Itgeltset 2	Cooperative	Dundgobi	H	3,000,000.00	2,733,000.00	267,000.00	XAAH
43	Tumen Agt	LLC	Gobi Altai	H	2,500,000.00	1,310,000.00	1,190,000.00	XAAH
44	Goviin Urgats 2	Sole proprietorship	Gobi Altai	H	2,500,000.00	1,250,000.00	1,250,000.00	XAAH

45	Gurvan Huren	Cooperative	Gobi Altai	H	3,000,000.00	1,468,500.00	1,531,500.00	XAAH
46	Tungalag Rashaan	LLC	Gobi Altai	H	3,000,000.00	1,930,000.00	1,070,000.00	XAAH
47	Emeeltsegiin Baruun Burgastai	Cooperative	Gobi Altai	H	7,380,000.00	3,690,000.00	3,690,000.00	POST
48	Eson Tuguldur	Partnership	Uvurhangai	H	2,670,000.00	1,068,000.00	1,602,000.00	XAC
49	Hiadiin Govi 2	Cooperative	Uvurhangai	H	1,000,000.00	400,000.00	600,000.00	XAC
50	Ekh Ongi	Partnership	Uvurhangai	H	4,000,000.00	2,000,000.00	2,000,000.00	XAAH
51	TMZA 2	Partnership	Uvurhangai	H	3,000,000.00	1,200,000.00	1,800,000.00	XAC
52	Uzmen Ish 2	Partnership	Uvurhangai	H	2,000,000.00	800,000.00	1,200,000.00	XAC
	<b>Total</b>				<b>139,370,000.00</b>	<b>63,027,500.00</b>	<b>76,342,500.00</b>	



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**MONGOLIA**



**UNITED STATES DEPARTMENT OF  
AGRICULTURE**



# HOW TO ORGANIZE MARKET DAYS



**Mercy Corps Mongolia  
24 Peace Avenue, Bayanzurkh District  
Ulaanbaatar, Mongolia  
Phone: 976-11-461-145**

**February 2006**

# OUTLINE

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2. Planning
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  - Developing an agenda
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4. Report writing
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  - Sample letter to aimag government
  - Sample cover email to sponsors with letter and brochure attachment
  - Template form for research among market day participants
  - Template survey forms (buyer and seller)
  - Template sales registration form
  - Overview of successes and lessons learned at the 2005 Uvurhangai trade fair

# 1. INTRODUCTION

## What are Market Days?

Market Days are a trade fair that aims to promote locally-made goods and services and increase income of local producers from across the aimag.

The objectives are to:

- showcase and sell locally-produced goods and services to aimag residents
- create an opportunity to link rural producers with local and regional markets
- create an environment for business information dissemination and sharing

Market Days are an important venue for local entrepreneurs to promote their products and services. Typical products offered include dairy items; vegetables; meat, felt, bread and bakery products; handicrafts; elite animals; metal goods; construction materials; stitched/woven garments; and alternative fuel sources.

In addition, Market Days are rapidly becoming popular community events, showcasing the best sporting, cultural, and other talents that each aimag has to offer.

Mercy Corps staff works with local individuals or groups to strengthen their planning and management skills related to the staging of the event, while also advocating for greater financial and in-kind contributions from non-Mercy Corps sources. The longer-term plan is that local stakeholders will have sufficient capacity and enthusiasm to ensure that future events are staged without the direct intervention of Mercy Corps.

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## 2. PLANNING MARKET DAYS

### Duties of MC Staff

*Several months in advance:* Once you have decided to hold a MD event (or even while you are still debating whether or not to do so), you should organize a planning meeting. Discuss as many details as possible at this stage, and assign to each staff the duty(ies) s/he is in charge of in the preparation of the event. Work as a team. A lot of resources and time need to be dedicated to make the events a success. Don't hesitate to ask questions. Maintain close contact with UB staff and inform them of what is going on.<sup>1</sup>

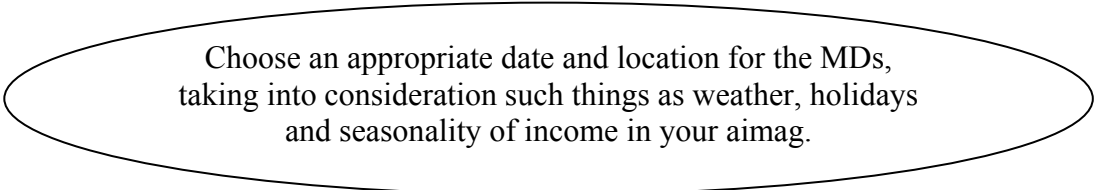
*Plan:* Write a plan. The plan should clearly indicate what needs to be done prior to the Market Days, duties and responsibilities of everyone and how the Market Days will be organized.

*At least one week prior to the event:* Hold another meeting to assign specific responsibilities to each person during the event. Where will each person be, at what time, doing what? Make a schedule of activities and make sure one or several persons is/are assigned to be responsible for each activity.

If other aimag staff are planning to come to help you out with the event preparation and implementation, discuss which tasks these visitors can help out with and, specifically, what each of the visitors will do during their time in your aimag. Make a table on a flip chart (or make it on the computer and print out a copy for each visitor) with a list of the activities, locations, things to do, etc.. Assign each person or group of people to be in charge of, or help out with, one or more activities. Make it clear to the visitors where, when, and in what way they can help you; this way you will make full use of the extra help from these visiting MC staff. Do this in advance, so that everything is well organized when they arrive.

In the end, **communication** is crucial in a large-scale event like this. Organizational structure and duties must be clear to everyone, and open communication channels must be maintained throughout the organization and implementation of the event.

### Choosing Date and Location



Choose an appropriate date and location for the MDs, taking into consideration such things as weather, holidays and seasonality of income in your aimag.

Mercy Corps has generally organized MDs in September. Why? Because the weather is still warm, people are back after holidays and vacations, livestock are fat and milk and dairy and vegetable products are abundant (thus, there are products available to sell and households have enough disposable income to buy goods). Early September might be a little early, since families have just paid their children's school fees. Buyers report that mid-September is a good time since they have just received their salary and thus have more money to spend on goods.

The choice of location is equally important. It's desirable to hold MDs in a large compound protected from the weather and located in the center of town. Mercy Corps has generally used the

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<sup>1</sup> We suggest there should be a contact person in UB, responsible for advising aimag staff



aimag sports center, because it is big and can hold many visitors; it is protected from the weather; and it can be locked at night. If the sports center is not large enough, try to find another location, or consider setting up tables/booths in order to have some vendors inside and others outside. Remember that dairy products in particular go bad very quickly in hot weather. Take this into consideration when choosing your location and based on the number of people you expect will attend the event.

## **Finding Co-Organizers**

The event should be co-organized with the local governmental and non-governmental organizations. MC has organized it in collaboration with the local government and the Chamber of Trade and Commerce.

It is important for local government and private organizations to take a leading role in planning, financing and managing the Market Days, to develop increased local ownership of the events; indeed, one day Mercy Corps will leave Mongolia and local organizations will have to take over the organization of Market Days.

Make sure you highlight how important the event is to the status and economic strength of the aimag, and that you give very clear indications of what are the expected roles and responsibilities of your co-organizers in making the event a success. It is also very important to have regular follow-up meetings or phone calls with your co-organizers, to make sure they fulfill their obligations.

## **Developing an Agenda**

Work with your staff to develop an agenda. Focus on achievable activities. It is more important for the event to be well-organized than for it to be very large, especially if this is one of the first times you organize it.

### **The agenda should include:**

- Products to be displayed/sold
- Activities to be held, and time and location for each activity  
Activities can include: elite animal show, evening herders' concert, sports (sumo wrestling, foot race, beach volleyball, football, etc.) and other competitions (airag drinking, cake eating, drawing, etc.), language lessons, music lessons, art displays, children's games...
- Daily schedule during the event
- List of prizes
- Collaborators and their roles and responsibilities
- Market Days logo

Again, a good choice of events is important. Emphasize quality over quantity. Having many different activities happening throughout town can make for a very festive atmosphere and increase the number of participants. However, it takes a lot of organization to ensure that everything runs smoothly, and these activities are not essential to the success of the event. In aimags with little organization experience, it would be best to focus on a well-organized market fair before moving on to adding "extra" activities.

It is also the responsibility of Mercy Corps staff to promote proper hygiene of food products at the MDs. The events should include a wide variety of products of **high quality**. It is important to emphasize satisfactory packaging of dairy and other products.

### **Attracting Sponsors**

Attracting sponsors is really important. Sponsors help cover some – or even all – of the costs of organizing the event. Here are several basic steps on how to attract potential sponsors:

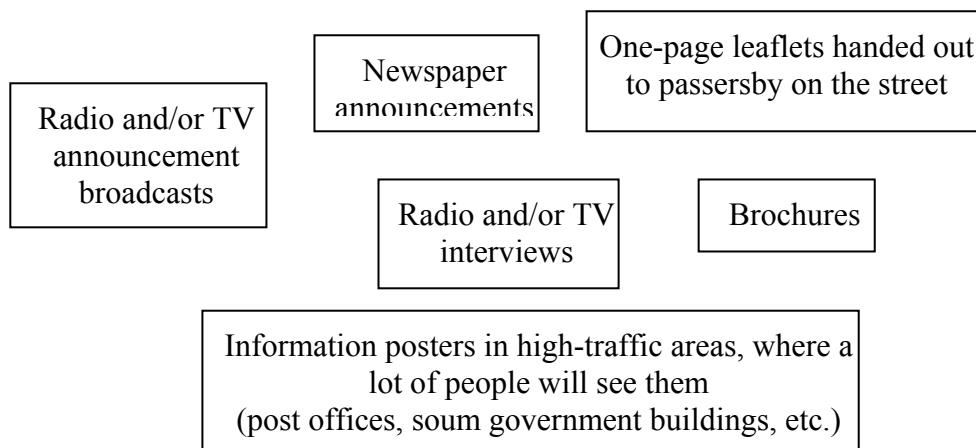
- Develop a list of potential local and UB sponsors based on past trade fair sponsorship and culled from the Internet
- Phone each of these prospects to introduce to them the Market Days concept
- Email introduction, sponsorship benefits letter and Market Days information to interested parties
- Phone the people you emailed and follow up
- Conclude contracts with sponsors. The contract/agreement needs to include how much funding is the sponsor ready to provide and how MC will obtain that funding. Duties and responsibilities of each party must be written out in detail
- After the Market Days send out a thank you email to each sponsor and include some pertinent marketing information. Number of people who attended the event, photos showing the sponsor's logo prominently displayed, and a count of the number of times the sponsor's name was mentioned on the loudspeakers

### **Promoting the Event**

One of most important parts of planning  
for the event  
is to let everybody know about it

Work with local and national media to promote the event. Start early. Ask your collaborators to do their part in promotion too.

Promotion can be done in the following ways:



Brochures should contain only the main points of the agenda for the event, and they can be distributed to all related organizations and people. Mercy Corps generally publishes booklets in English and Mongolian, a month before the event. It is important to work with UB staff (send drafts of the brochures to the UB staff, have it approved and then go ahead with the printing) and make sure that brochures are published early.

Try to invite at least one high ranking official, such as a Member of Parliament elected from this region, or the Prime Minister of Mongolia. The presence of this person will attract a lot of participants in the event.

## **Preparing the Site**

*Good preparation of the site is essential for the success of the event.*

Market stalls can be set up inside the sports gym or at any other chosen location for the MDs. Although the price is high for the construction of such stalls (as much as MNT 1 million – but the materials can be re-used year after year), they provide a very attractive and practical space for vendors to display their products. The stalls make the market area look neat, clean and well-organized. Each stall has a number to facilitate registration. Mercy Corps needs to organize for enough tables and chairs to be brought into the area at least one day before the event.



Market stalls



Buyers admiring products on display in each stall

A cheaper alternative to the stalls is to have simply tables and chairs for the sellers. This works well also, provided there are enough tables for the sellers to have ample display space.

Decorating the sports gym with balloons, banners and streamers makes the area more appealing and adds to the festive atmosphere for the event. This should be done the day before the start of the event.

It is a good idea to make sure garbage cans are available, and to hire one or two cleaners, as well as to have local police doing crowd-control in busy areas and at busy times (opening and closing ceremonies).



Tables and chairs prepared for vendors in the sports gym

## Registering Participants

*It is very important for the registration process to go smoothly; this is the first indicator of good organization of the MDs.*

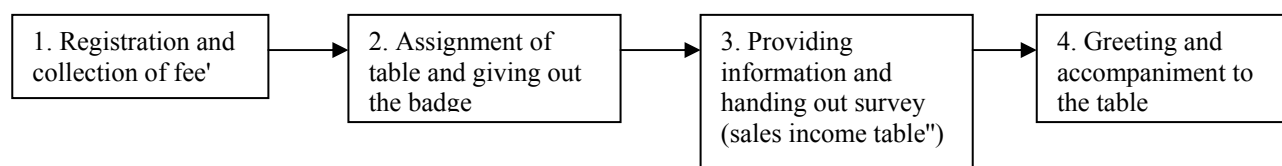


Participants should register on the day before the beginning of the event. In order to avoid the problem of crowds of people coming at the same time, talking loudly and trying to explain how much space they need, several of the aimag staff (and perhaps other collaborators) should be in charge of registering participants.

It is important to provide a lot of information to participants in advance, so that there are less repeated questions during registration. It would be a good idea to think of common questions in advance, and to provide a "frequently asked questions" handout for participants, or to write down questions on a board posters/flip charts

and put them up, clearly visible, on the wall near the registration desk. In addition, at least one aimag staff should be available at all times to answer participants' questions, both during registration and during the event.

The registration process can take place in the following way, involving four people:



' During the registration a significant amount of money is gathered, thus it is a good idea for the Finance Officer to be in charge of the collection of fees.

" The form should be developed beforehand, and distributed to participants at the beginning of the event for them to track their sales accurately.

Since space is generally limited if the MDs are held in the sports gym, the layout should be thought out carefully to make sure there is as much room as possible for stalls or tables, as well as adequate space for buyers to move around.

It is important to draw the floor plan in advance on a flip-chart or other large piece of paper, in order to make registration easier: full names of businesses can be written down on this master copy floor plan, and it will be easy to keep track of which stalls have been rented out to whom.

Participants should, as much as possible, be grouped according to the type of their business. Thus, dairy products sellers should be near other dairy product sellers and felt goods should be gathered together, vegetables also, and so on.

## Timeline

The following is a suggested timeline for organizing MDs:

Months	May		June		July		August				September			
Weeks	I	II	I	II	I	II	I	II	III	IV	I	II	III	IV

First planning meeting															
General plan															
Find co-organizers															
Develop the agenda															
Send out email and letter to sponsors															
Send out invitations to clients															
Follow-up meetings															
Promotion of the event															
Planning details: opening and closing ceremonies, decorations, tables and chairs, prizes, etc.															
Write report															

It is important to start early with preparations. It takes a lot of time and effort to organize this kind of event, so preparation and planning need to be done starting at least several months before the MDs.

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### 3. MARKET DAYS

#### Opening and Closing Ceremonies



Opening ceremony speech

Openings are generally scheduled for 10 or 11 a.m. Local authorities and other high ranking officials come to open the event and give a speech. Unfortunately they almost always come late. So try to emphasize the importance of coming on time to start the opening ceremony on schedule.

A large crowd will gather for these ceremonies. Space inside the sports gym may be limited.

Consider holding the ceremonies outside, if the weather permits; there will be more space for participants and spectators there. A stand can be installed for the speakers/presenters, and chairs set out around the "crowd-control" perimeter, for dignitaries and older people to sit down, and also to maintain a large open space in front of the presenters.

In addition to speeches by dignitaries and Mercy Corps representatives, the opening ceremony can include traditional music (singing and morin huur), dances, fashion shows, children's presentations, etc.



Camel ballet dancers

#### Entertainment

*Sporting and cultural events are very popular with local residents and help to attract large numbers of fairgoers*



Games like sumo wrestling, basketball, beach volleyball, soccer, and even music lessons, singing and dancing, provide entertainment for all ages.





Airag drinking Competition



English lessons

Lotteries also help promote goods and services. Concerts of local and national singers are well attended. While national singers are very expensive, famous singers from your own aimag can be quite good.

The most important message is to have as many people as possible attend, in order to make the MDs a popular community event – with a festive atmosphere and a showcase of sporting, cultural, educational and other talents in the aimag.

However, quality is more important than quantity – do not overestimate how much entertainment you can handle in a well-organized way (see Appendix for more indications on entertainment).

## Awards

MD participants hope their products will win a prize. An award will be the pride of their family, herder group, company or soum. It will also help promote the product or service.



Work with other organizers, appoint a selection committee, and let everyone know what kind of awards there will be (e.g. best dairy product, most creative product, best artwork product, most popular product, etc.)



Encourage participants to be creative with their products. New products can make their debut at a market events – this is also a good occasion to test the popularity of a new product. Reward creative entrepreneurs with awards or prizes.

## Coverage

Take a lot of pictures. Invite local and national media to cover the event. RBN can be of great help to promote coverage and publicity for the event. The more coverage you have, the better, as this helps increase the spread of information about the event.

## **Survey**

Monitoring and evaluation will help improve events year after year. It is useful to do know how many people attended the event, what kind of products were sold, sales figures, whether customers were satisfied with the MDs, obstacles, mistakes, lessons learned and so on. All of this information will help to compose the report. There should be a team working on gathering such information; team members should wear a badge so that sellers know they are from the organizing team. Develop a questionnaire/survey table, and sales record keeping forms (see Appendix for suggested forms).

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## **4. REPORT WRITING**

After the MDs you will need to write a report. Provide a detailed analysis of the event. Include number of visitors, sellers, sponsors. How much were the total sales? Which kind of products were the best sellers? Did you encounter some problems? What are some solutions you can think of to avoid such problems in future events? Any success stories? How we could make a better MD next year? Include good pictures.

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## **5. MARKET DAYS CHECKLIST**

Before you start to work on organizing MDs, prepare a checklist. It will help you to organize a good event. Here is a suggested checklist:

- Hold a meeting, develop a plan
- Select date and location of MD
- Find a proper place for MD and locate necessary equipment (shelves, stands, chair, tables etc.)
- Find co-organizers, sponsors
- Develop an agenda
- Invite herder groups, cooperatives, businesses
- Advertise: announcements on radio, TV, newspapers, word of mouth, brochures, posters
- Plan the opening and closing ceremonies
- Plan the registration process
- Plan entertainment: concert, games, competitions
- Plan awards
- Prepare the survey
- Prepare the report

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## **6. APPENDICES**

1. Sample Letter to Aimag Government
2. Sample Cover Email to Sponsors with Letter and Brochure Attachment
3. Template Form for Research among Market Day Participants
4. Template Survey Forms (Buyer and Seller)
5. Template Sales Registration Form
6. Overview of Successes and Lessons Learned at the 2005 Uvurhangai Trade Fair

## 1. Sample Letter to Aimag Government

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Umnugovi Aimag Representative Office  
Shuudan Khairstag 458  
Tel. 01532-23006  
Fax. 01532-23002  
Initiative\_ug@mongol.net

To: Aimag Governor, Umnugovi aimag  
From: Odkhuu, Umnugovi Program Representative  
Subject: Market Days  
Date: 20 May, 2006

Dear Aimag Governor,

Mercy Corps plans to organize Market Days in Umnugovi aimag in September. Our organization is very pleased with the successful cooperation we have had in the past with your administration. Last year, 160 businesses participated in Market Days, generating sales of over MNT 39 million. This year, we expect an even more successful event. We would like to ask for your support and participation in the organization of this community event.

If you agree with our proposal, please let us know of a convenient time for us to meet to discuss the details of the organization of Market Days and the specific role that each of us will play to ensure the success of the event.

Thank you.

Sincerely yours,

Odkhuu  
Umnugovi Program Representative

## 2. Sample Cover Email to Sponsors with Letter and Brochure Attachment

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Dear Sir or Madam:

I would like to introduce you to Gobi Festival which will take place in Umnugovi on September 2 and 3, 2005. Gobi Festival will draw people from all over the aimag, from other parts of Mongolia and beyond. Gobi Festival will feature a craft and trade fair, elite animal fair, musical performances, sports competitions, activities for children, business, health and English seminars and more. Gobi Festival is a unique sponsorship opportunity for your organization. I have attached a letter explaining sponsorship opportunities and a brochure describing Gobi Festival in detail.

Please take a moment to look at these documents. To sponsor, or if you have any questions, please call me at 01532-23006.

Best Regards,

D. Tsendsuren  
Umnugovi Program Representative  
Gobi Initiative



Umnugovi aimag Representative Office  
Shuudan Khairtag 458  
Tel. 01532-23006  
Fax. 01532-23002  
Initiative\_ug@mongol.net

Dear \_\_\_\_\_,

Gobi Initiative's Umnugovi aimag Representative Office and the Umnugovi aimag Government are organizing "Gobi Festival 2005" that will take place in Dalanzadgad, Umnugovi on September 2 - 3, 2005. Gobi Festival will feature two full days of fun events for the whole family. Planned events are listed in the attached brochure.

This event will attract a wide variety of people: children, adults and the elderly; men and women; countryside dwellers and city dwellers, and so on. The festival will be exciting and fun. We believe that Gobi Fest represents a great opportunity for you to reach many existing and potential customers at once.

Listed below are the benefits your organization can receive by sponsoring Gobi Festival:

I. 25,000 MNT	Supporter	Sponsor's name will appear on all pamphlets and fliers advertising the event
II. 50,000 MNT	Friend	Complimentary display booth in shopping pavilion. Sponsor's name will appear on all pamphlets and fliers advertising the event
III. 100,000 MNT	Sponsor	Festival award will carry the sponsor's name. (Ex. "Best Product prize donated by ABC Co.") Complimentary display booth in shopping pavilion. Sponsor's name will appear on all pamphlets and fliers advertising the event
IV. 250,000 MNT	Patron	Sponsor's <u>logo</u> will appear on all pamphlets and fliers advertising the event. Festival award will carry the sponsor's name. (Ex. "Best Product prize donated by ABC Co.") Complimentary display booth in shopping pavilion
V. 500,000 MNT	Sustainer	Sponsor's name will be mentioned during announcements and on radio/TV ads. Ex. "Gobi Festival 2005 sponsored by ABC Co. Sponsor's <u>logo</u> will appear on all pamphlets, fliers and signage. (Ex. "Best Product prize donated by ABC Co.") Complimentary display booth in shopping pavilion. Complimentary admissions to all events for two people.
VI. 1,000,000 MNT	Golden Benefactor	- Sponsor's logo will be first and largest on all pamphlets, fliers and signage. Festival will be referred to as "XYZ Co. presents Gobi Festival 2005." 5 minute welcome address at the start of the festival. Complimentary display booth in shopping pavilion. Complimentary admissions to all events for four people.

To sponsor or if you have any questions, please call us at 01532-23006.

Sincerely,

Tsendsuren  
Umnugovi Program Representative

Dates: 02-03 September 2005

Time: 09:00 - 19:00 each day

Location: Sport Gym, Demuul and Bor  
Squares, Theater, Library  
Dalanzadgad

Purpose:

- To promote and sell locally-made goods
- To promote the importance of elite animals
- To provide a forum for businesses to conclude contracts and agreements and to share information and experiences
- To acknowledge "best products"
- To offer short marketing training
- Promote Umnugovi as a tourist destination for Mongolian and foreign tourists.
- To support collaboration of local organizations and NGOs
- To support sport and cultural activities
- To offer health trainings and concerts for children
- To encourage the continuation of the Festival in the future

Products:

- Exhibition and trade fair
- Best product awards
- Elite animal fair
- Many types of services
- Camel and horse riding
- Foot race
- Sumo, children wrestling and tug o' war competitions
- Archery
- Herder performances
- Trainings and consultancies
- Book display and sales
- English, health, morin huur and long song classes

- Storytelling and games
- Meetings between businesses
- Opening night dance party

Participation Requirements:

- Advance registration with GI staff is required
- Registration fee for trade fair, elite animal fair and other activities
- Participants will set up their exhibition areas one day before Festival
- Participants will be responsible for decorating their areas and keeping them clean
- All products must meet quality standards. Dairy products must be packaged appropriately
- Security will be provided by the Sports Gym

Planned Awards:

- Best all-around product
- Most original product
- Best organic product
- Best handicraft
- Best packaged product
- Most popular product
- Enterprise with the highest sales
- Best customer services
- Best advertisement
- Best food product
- Best elite animal
- Best organized enterprise

Trade Fair Organizers:

- Mercy Corps/Gobi Initiative
- Umnugovi Aimag Government Office
- Herders Association
- Umnugovi Aimag Agricultural Extension Center

Trade Fair Supporters:

- Ivanhoe Mines
- South Gobi Special Protected Areas Administration
- Veterinary Association
- Employers Association
- Cooperative Training Center
- XAAN Bank
- XAC Bank
- Shuudan Bank
- Capital Bank

## GOBI FESTIVAL 2005



SEPTEMBER 2 - 3, 2005  
DALANZADGAD

Mercy Corps/Gobi Initiative  
Dalan zadgad  
Tel: 01532-23006  
Fax: 01532-23002





## RESEARCH AMONG MARKET DAY PARTICIPANTS

Counter No: \_\_\_\_\_

Name: \_\_\_\_\_

Age: \_\_\_\_\_

Sex: ☐ Female ☐ Male

Aimag: \_\_\_\_\_ Soum: \_\_\_\_\_

Name of entity: \_\_\_\_\_

Type of entity:

☐ Stock ☐ Partnership ☐ HG ☐ Patent holder  
☐ LLC ☐ Cooperative ☐ Private Businessman

Did you receive any assistance from Mercy Corps?

☐ Yes... since \_\_\_\_\_ ;  
☐ No

Type of business:

<input type="checkbox"/> Dairy products	<input type="checkbox"/> Vegetables and fruit	<input type="checkbox"/> Electric appliances
<input type="checkbox"/> Wool/cashmere products	<input type="checkbox"/> Bread and baked goods	<input type="checkbox"/> Hides and skins
<input type="checkbox"/> Felt products	<input type="checkbox"/> Construction materials	<input type="checkbox"/> Wooden products
<input type="checkbox"/> Animals	<input type="checkbox"/> Handicrafts	<input type="checkbox"/> Gold and silver products
<input type="checkbox"/> Metal products	<input type="checkbox"/> Stitched/woven products	<input type="checkbox"/> Printed products
<input type="checkbox"/> Meat products	<input type="checkbox"/> Boots	<input type="checkbox"/> Fuel blocks
<input type="checkbox"/> Services	<input type="checkbox"/> Others	

Annual sales \_\_\_\_\_

# of employees/members \_\_\_\_\_

What types of products did you bring?

<input type="checkbox"/> Dairy products	<input type="checkbox"/> Vegetables and fruit	<input type="checkbox"/> Electric appliances
<input type="checkbox"/> Wool/cashmere products	<input type="checkbox"/> Bread and baked goods	<input type="checkbox"/> Hides and skins
<input type="checkbox"/> Felt products	<input type="checkbox"/> Construction materials	<input type="checkbox"/> Wooden products
<input type="checkbox"/> Animals	<input type="checkbox"/> Handicrafts	<input type="checkbox"/> Gold and silver products
<input type="checkbox"/> Metal products	<input type="checkbox"/> Stitched/woven products	<input type="checkbox"/> Printed products
<input type="checkbox"/> Meat products	<input type="checkbox"/> Boots	<input type="checkbox"/> Fuel blocks
<input type="checkbox"/> Services	<input type="checkbox"/> Others	

What is the total value of the products you brought?

<input type="checkbox"/> Less than 500,000	<input type="checkbox"/> 500,000 - 1,000,000
<input type="checkbox"/> 1,000,000 - 2,000,000	<input type="checkbox"/> 2,000,000 - 5,000,000
<input type="checkbox"/> 5,000,000 - 10,000,000	<input type="checkbox"/> Greater than 10,000,000

Booth rental fee: \_\_\_\_\_

Size of booth: \_\_\_\_\_

Have you participated in Market Days before?

☐ No

☐ Yes .... When..... Where ..... Did you win a prize or award? ☐ Yes ☐ No  
When ..... Where ..... Did you win a prize or award? ☐ Yes ☐ No

## Seller Questionnaire No

1. Aimag: ..... Soum: .....

2. Age: 18-25 ☐ 26-40 ☐ 40-55 ☐ over 55 ☐ Sex: male ☐ female ☐

### 3. Where did you learn about the event?

- |  |   |
|--|---|
| <input type="checkbox"/> TV                        | <input type="checkbox"/> Announcement board |
| <input type="checkbox"/> Radio                     | <input type="checkbox"/> Word of mouth      |
| <input type="checkbox"/> Newspaper                 | <input type="checkbox"/> Mercy Corps        |
| <input type="checkbox"/> Almag/soum administration | <input type="checkbox"/> Other: _____       |

### 4. How important was this event for you?

- |   |   |
|---|---|
| <input type="checkbox"/> I sold products                    | <input type="checkbox"/> I learned new technology   |
| <input type="checkbox"/> I had a new experience             | <input type="checkbox"/> I bought equipment         |
| <input type="checkbox"/> I concluded a contract             | <input type="checkbox"/> I received new information |
| <input type="checkbox"/> I promoted my products, services   | <input type="checkbox"/> Other: _____               |
| <input type="checkbox"/> I found a new market, new partners | <input type="checkbox"/> It was not important       |

### 5. How would you evaluate this event?

- |                                    |                                       |
|------------------------------------|---------------------------------------|
| <input type="checkbox"/> Excellent | <input type="checkbox"/> Satisfactory |
| <input type="checkbox"/> Good      | <input type="checkbox"/> Poor         |

### 6. What were weaknesses of the event?

- |   |   |
|---|---|
| <input type="checkbox"/> Poorly organized       | <input type="checkbox"/> Too far from my home   |
| <input type="checkbox"/> Too short              | <input type="checkbox"/> Bad space for my booth |
| <input type="checkbox"/> Not enough activities  | <input type="checkbox"/> Other: _____           |
| <input type="checkbox"/> Not enough people came |   |

### 7. What would you advise to improve the event?

- |  |  |
|--|--|
| <input type="checkbox"/> Organize better               | <input type="checkbox"/> Group sellers better    |
| <input type="checkbox"/> Different activities          | <input type="checkbox"/> Change venue            |
| <input type="checkbox"/> More activities               | <input type="checkbox"/> Keep venue cleaner      |
| <input type="checkbox"/> More participating businesses | <input type="checkbox"/> Increase number of days |
| <input type="checkbox"/> Advertise better              | <input type="checkbox"/> Other: _____            |

### 8. What was the most interesting part of the event?

*[each aimag should make options according to the activities at their respective fairs]*

### 9. Are Market Days necessary in future?

☐ No ☐ Need to be changed ☐ Yes

### 10. Have you been to this event before?

- ☐ No
- ☐ Yes.... ☐ Once before
- ☐ Twice before
- ☐ Three or more times before

### 11. Will you come to this event next year?

- ☐ No
- ☐ Yes

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| <input type="checkbox"/> Newspaper                 | <input type="checkbox"/> Mercy Corps        |
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| <input type="checkbox"/> Too short              | <input type="checkbox"/> Bad space for my booth |
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| <input type="checkbox"/> Organize better               | <input type="checkbox"/> Group sellers better    |
| <input type="checkbox"/> Different activities          | <input type="checkbox"/> Change venue            |
| <input type="checkbox"/> More activities               | <input type="checkbox"/> Keep venue cleaner      |
| <input type="checkbox"/> More participating businesses | <input type="checkbox"/> Increase number of days |
| <input type="checkbox"/> Advertise better              | <input type="checkbox"/> Other: _____            |

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*[each aimag should make options according to the activities at their respective fairs]*

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- ☐ Yes

## Buyer Questionnaire No

1. Aimag ..... Soum .....

2. Age: 18-25 ☐ 26-40 ☐ 40-55 ☐ over 55 ☐ Sex: male ☐ female ☐

3. Where did you learn about the event?

- |  |   |
|--|---|
| <input type="checkbox"/> TV                        | <input type="checkbox"/> Announcement board |
| <input type="checkbox"/> Radio                     | <input type="checkbox"/> Word of mouth      |
| <input type="checkbox"/> Newspaper                 | <input type="checkbox"/> Mercy Corps        |
| <input type="checkbox"/> Almag/soum administration | <input type="checkbox"/> Other              |

4. How important was this event for you?

- |   |   |
|---|---|
| <input type="checkbox"/> I bought products            | <input type="checkbox"/> I learned about new technology |
| <input type="checkbox"/> I learned about new products | <input type="checkbox"/> I participated in activities   |
| <input type="checkbox"/> I concluded a contract       | <input type="checkbox"/> Other: _____                   |
| <input type="checkbox"/> I met with friends           | <input type="checkbox"/> It was not important           |
| <input type="checkbox"/> I received new information   |   |

5. How would you evaluate this event?

- |                                    |                                       |
|------------------------------------|---------------------------------------|
| <input type="checkbox"/> Excellent | <input type="checkbox"/> Satisfactory |
| <input type="checkbox"/> Good      | <input type="checkbox"/> Poor         |

6. What were weaknesses of the event?

- |  |  |
|--|--|
| <input type="checkbox"/> Poorly organized      | <input type="checkbox"/> Too far from my home                  |
| <input type="checkbox"/> Too short             | <input type="checkbox"/> Products that I wanted were not there |
| <input type="checkbox"/> Not enough activities | <input type="checkbox"/> Bad quality of products               |
| <input type="checkbox"/> Too crowded           | <input type="checkbox"/> Other: _____                          |

7. What would you advise to improve the event?

- |  |  |
|--|--|
| <input type="checkbox"/> Organize better               | <input type="checkbox"/> Group sellers better    |
| <input type="checkbox"/> Different activities          | <input type="checkbox"/> Change venue            |
| <input type="checkbox"/> More activities               | <input type="checkbox"/> Keep venue cleaner      |
| <input type="checkbox"/> More participating businesses | <input type="checkbox"/> Increase number of days |
| <input type="checkbox"/> Advertise better              | <input type="checkbox"/> Other: _____            |

8. What was the most interesting part of the event?

[each aimag should make options according to the activities at their respective fairs]

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| <input type="checkbox"/> Newspaper                 | <input type="checkbox"/> Mercy Corps        |
| <input type="checkbox"/> Almag/soum administration | <input type="checkbox"/> Other              |

4. How important was this event for you?

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| <input type="checkbox"/> I learned about new products | <input type="checkbox"/> I participated in activities   |
| <input type="checkbox"/> I concluded a contract       | <input type="checkbox"/> Other: _____                   |
| <input type="checkbox"/> I met with friends           | <input type="checkbox"/> It was not important           |
| <input type="checkbox"/> I received new information   |   |

5. How would you evaluate this event?

- |                                    |                                       |
|------------------------------------|---------------------------------------|
| <input type="checkbox"/> Excellent | <input type="checkbox"/> Satisfactory |
| <input type="checkbox"/> Good      | <input type="checkbox"/> Poor         |

6. What were weaknesses of the event?

- |  |  |
|--|--|
| <input type="checkbox"/> Poorly organized      | <input type="checkbox"/> Too far from my home                  |
| <input type="checkbox"/> Too short             | <input type="checkbox"/> Products that I wanted were not there |
| <input type="checkbox"/> Not enough activities | <input type="checkbox"/> Bad quality of products               |
| <input type="checkbox"/> Too crowded           | <input type="checkbox"/> Other: _____                          |

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| <input type="checkbox"/> More activities               | <input type="checkbox"/> Keep venue cleaner      |
| <input type="checkbox"/> More participating businesses | <input type="checkbox"/> Increase number of days |
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- ☐ Three or more times before

11. Will you come to this event next year?

- ☐ No
- ☐ Yes

## SALES REGISTRATION FORM

Name of entity: \_\_\_\_\_

Aimag \_\_\_\_\_ Soum \_\_\_\_\_

Name of the seller \_\_\_\_\_

No of counter/booth: \_\_\_\_\_

Total orders received (MNT) \_\_\_\_\_

# of contracts and agreements made \_\_\_\_\_

№	Name of product	Total goods for sale			1st day sales			2nd day sales		
		Amount, quantity	Unit Price	Total price	Amount, quantity	Unit Price	Total price	Amount, quantity	Unit Price	Total price
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
13										
14										
15										
16										
17										
18										
19										
Total Sales										

## **6. Overview of Successes and Lessons Learned at the 2005 Uvurhangai Trade Fair**

### **Successful activities, events and participation (by Laura Gonzalez)**

#### *Parade*

We kicked off the fair with a parade featuring 25 decorated vehicles of all kinds including autos, flat bed trucks, buses and vans. There were 32 children on bikes, 100 walkers and two horseback riders. At total of 159 people participated in the parade. The parade traveled 5 km, winding its way from the center of town out to the APU Center. The Uvurhangai army band played music and officials announced the fair and events over loud speakers. We don't have an estimate for how many people watched the parade.

We recruited parade participants from local businesses and other organizations that were already planning to participate in the trade fair. We had them register in advance and asked them to decorate their vehicles. We didn't charge for participation in the fair. We also recruited participants from Arvaiheer's schools and college as well as from the local Children's Center.

#### *Most popular events*

In order to keep people coming back to the fair, we spread interesting and exciting events throughout the three days. According to a survey of 70 people, people's favorite aspects of the fair included (in no particular order): sumo, large number of exhibitors, horseracing, concert, taste testing, first evening's activities, opening ceremonies, driving competition, products, wood and felt crafts, award ceremony, parade and the elite animal competition.

#### *Business participation - sponsorship growth*

In 2005 local and national business' sponsorship totaled over 4.6 million MNT in cash and in kind donations. In many cases businesses organized and ran the events that they sponsored. On the first evening, APU organized some warm-up exercises and friendly competitions among vendors. Xac Bank sponsored and ran the very successful airag drinking contest. Mongol Telecom installed managed loudspeakers inside and outside the APU Center venue. The local bread factory, Delgereh Huns, organized the sumo competition and paid for prizes. Other businesses donated cash or prizes to the lottery, finger games, driving competition, public run, etc.

#### *Collaboration with Arvagar heer*

We collaborated with "Arvagar Heer" Horse Racing Association during the 2005 fair. Arvagar Heer held its last race of the summer on the first day of the fair. This was very beneficial for both events. The attendance at both events was higher and the costs were lower than if they had been held separately.

#### *Other collaborations?*

Based on the success with Arvagar Heer, we are considering approaching other organizations to join their events with ours. One event is the "Golden Autumn Sports Competition" which is held in each school. This could be a great way to increase the numbers of young people who attend the fair. Other events include a jobs fair sponsored by the aimag government and a computer fair sponsored by the national government.

### **Lessons Learned**

#### *Success of dairy and vegetables*

At the fair, our vegetable and dairy producers sold out right away. UH Agriculture Office was responsible for recruiting vegetable and dairy sellers. We need to work with the Ag Office to

encourage sellers to increase the amount of product they bring to the fair and to increase the number of sellers. There is big capacity for more sellers because our vegetable and dairy room was only about 20% full. One constraint is that many vegetable producers prefer to save most of their harvest for winter and spring when prices are highest. This makes good business sense. But because sellers have the potential to sell such a large amount of vegetables in a short time and without much effort or cost, sellers have the opportunity to make a good profit because what they lose in price they gain in volume. We also need to target sellers who do not have access to a root cellar or warehouse and therefore need to sell vegetables right away.

#### *Survey says*

Based on our survey, fair attendees have asked us to make the following improvements to the 2006 fair: more lighting inside APU center, better support for small and medium businesses, advertise the fair earlier, increase the number of exhibitors, decrease the dust outside, organize booths by product type, stick to the schedule better, keep the venue cleaner/pick up trash.

All of these problems could be solved through better organization and planning. Most people's complaints are about the details, not the overall event. This means that improvement is in our grasp as long as we pay attention to the problems cited and incorporate the solutions into our plans for next year.

#### *Timeliness*

For the 2006 fair we need to be more persistent in getting potential sponsors and organizers to commit at least 6 weeks in advance of the fair. In the weeks leading up to the 2005 fair sponsors and organizers did not want to commit. They said that they took orders from their main offices in UB and UB did not make a decision until about 2 weeks leading up the event. As a result we failed to submit complete schedule of events to UB. This incomplete schedule was what UB published all nice and glossy. Once we finalized events we were forced to print an updated schedule locally and at much lower quality and higher cost. With total sales approaching 100 million and attendance at almost 20,000, the fair is a strong economic and marketing force. We need to exercise this clout to force the local organizations to make decisions much earlier than they have in the past.

#### *Monitoring and Evaluation*

At this trade fair we did not do a great job of monitoring results. This is because the people responsible for monitoring had too many other jobs. In 2006 we should have a dedicated group (ex. IOOs) responsible for distributing and collecting surveys, gathering sales information and estimating attendance. As the fair gets bigger every year and makes more and more money, it is more and more important to make accurate measurements. Attendance numbers are especially important for attracting sponsors.

#### *Product Availability*

The huge amount of sales at each trade fair proves that there is certainly a demand for local goods, now we need to think about the supply, especially after the trade fair. Over and over I hear the same story: people went to the fair, bought a bottle of delicious pickled vegetables or beautiful handmade boots and then could not find the products again. How can we help producers make the products available outside of the trade fair? I have heard that the Herders Association is working on building a shop or a counter to sell their clients goods in the aimag center. This is a good start. In any case we need to help producers to let buyers know where they can buy these good once the fair is finished. If producers don't have a place to sell in the aimag we should help them to find one. If they only have enough product to sell during the TF and it regularly sells out, we should encourage them to produce more, because they have a proven market.

## Looking Ahead

### *Balancing quality and growth*

By examining the surveys we distributed we can learn about the public's reaction to our fair and use this information to craft our plans for next year. When we examine people's complaints about our fair we see that they mostly concern a need to improve quality and organization. I.e. more lighting inside APU center, advertise the fair earlier, decrease the dust outside, organize booths by product type, stick to the schedule better, keep the venue cleaner/pick up trash. When we examine people's favorite aspects of the fair we see that they related to the cultural and sport activities and the number of products for sale.

The conclusion that we can draw from these two sets of data is that next year we need to focus both on improving quality/organization and on growing the fair. A fair should get better every year and as we and other organizations gain experience, things get easier. 2005 saw many groups participating for the first time. When they return in 2006 they will be more knowledgeable and experienced and thus will do better.

### *Chinggis!*

2006 marks the 800th anniversary of the founding of Chinggis's empire. This represents both a great marketing hook and an excuse to plan really cool events. Being UH we are well positioned to take advantage of the anniversary. For example, we could ask a local business to organize excursions to Harhorin. People who come to Arvaiheer for the fair will find that a safe, reliable bus/van is leaving from the fair grounds at a set time and returning at a set time.

### *Conclusion*

We also must keep in mind that with only three trade fairs to go under MC watch we must continually challenge our partner organizations, the government and the community to take more and more ownership of the events. We are pleased with the progress the Chamber of Commerce made with respect to taking on more responsibilities. However, at the fair's current size and budget, the Chamber of Commerce will not be able to fund the fair as fully as MC has been able to. So in order to maintain the size of the fair, we must continue to work with businesses and organizations to expand their presence in the fair. This is where it is important to be able to have good estimates of attendance and sales income. We can use this information to show sponsors well spent their money will be if they donate to the fair. We have two goals for 2006: to give more and more responsibility to participating organizations, the government and the community and to continually raise the standards of the fair.